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P R O C E E D I N G S

GENERAL WILLIAMS: Good morning all. Gina will have some admin comments first, and then, we will commence.

MS. PINZINO: Good morning, everyone. I just wanted to welcome all of you to our Industry Advisory Panel. I would like to first of all say thank you for your patience and all of your cooperation as we set this meeting up, and I wanted to especially recognize our members of the Management Support Division, who do an outstanding job each and every time for the meeting in getting each of you situated even in late breaking circumstances.

So without further ado, I'm going to turn it over to Joyce Henderson, who will make some security and safety comments. And then, we will turn it over to General Williams for the commencement of the panel meeting. Thank you.

MS. HENDERSON: Good morning, ladies and gentleman. I am Joyce Henderson, OBO security officer. Two reminders: please ensure that you

wear your visitor's badge, OBO badge so that we'll know who you are and that you're escorted at all times when you are walking the halls. And for a safety reminder, if for some reason we must evacuate the building, please exit out of this door to the right; turn left at the exit sign; go straight down the hall and out the door and assemble under the C Street exit.

Thank you.

GENERAL WILLIAMS: Okay; good morning everyone. I'd like to welcome the panel and those who are sitting as visitors. As you know, this is an open meeting, and the minutes of the meeting by the statute on which the panel was set up will be recorded, and we will proceed with the meeting.

First of all, this is basically a portion of a new panel, because we have some new members, and we also have some who have been with us for a period of time. So first of all, I would like to formally introduce the new members. Not here today is Michael DeChiara, who will be coming in a little bit later. I am introducing him in absentia. He

is a mechanical engineer. He has a quantitative background, also a law degree and et cetera. He has been a counsel to the AIA in several states and the Council of Engineering and the like; Associated Owners and Developers; in other words, he has a perfect background for what we are looking for.

Also as a new member is Richard Chace sitting right in the front of me. Richard might want to raise his hand so that everyone can recognize him. Richard comes to us from the securities industry. He's a senior level associate and executive there. He brings strategic planning and threat assessments and risk analysis and a whole bunch of other executiveship to us to the panel.

Also, sitting to my left front is Mary Anderson. Mary has been following our panel and OBO for the last four years. She is with Schnabel Engineering. Her expertise is in development and qualifications, and of course, she is an active member of the Society of American Military Engineers; has held a number of positions

associated with that and brings a wealth of knowledge. She also represents the Women in Retail and Real Estate.

So we are delighted to have Mary. We are delighted to have Richard and of course Michael in absentia. And together with these three, we have one member person today substituting for a designated member, Dieter Huckestein, who is from our hospitality industry, because we have a lot of work that impacts buildings of that nature, so this is our first entry from that side of the industry, and so, Bill Edwards, who is sitting to my right front, is representing Dieter, and they will be taking board seats the early part of the year.

And also to the sitting members, we have George Papadopoulos, who is over to the left here, a stalwart for us. He has very hard on this board; and obviously Joel Zingeser, who is sitting across in the front is a long-time member; Craig Unger, from our Design Build Institute; Mary Ann Lewis from our value engineering world; and, of course, Todd Rittenhouse.

Okay; now, the rules are very simple here.

This is our 13th session together, so I think we pretty much have it right. And so, for the new members, I know that your predecessor, if you had one, probably coached you. If not, Gina did as well. But we have given you some homework, and we will be asking you to work with us on a sanity check.

Let me say something about this panel: this panel, your panel, our panel, the Government's panel has received some of the highest ratings in government, and I have been around government a day or two and understand and have worked with these kinds of bodies before.

During a recent hearing that I was appearing at on the Hill, one of the Committee chairs asked a question about this panel, because obviously, he had heard something about its being. And it was a very pointed question, and it gave us the opportunity to respond back to him. And the response was as follows: according to a 2003 survey by the GSA apparatus that looks at Federal

advisory committees, the IAP, which is our Industry Advisory Panel, demonstrated superior results on people, process, outcome, and again, in 2004, the same panel was identified by the same Gallup polling as one of the best advisory committees in government, not just in Washington but in government. So that is a matter of record, so for those who are observing and those who are joining, this panel is considered as one of our best practices.

Okay; with that little introduction, what I am going to do this morning for my portion, as I do at each one of these, is to give you an update on what has happened since we last met to make certain that you are very current on what we are doing with our program. So I do not know; we may have to do something with the lights, but if you will focus now near the door, you will be able to see the screen, and this first chart, the next chart, talks about the vision.

I have had now three sessions with--and I don't mean just welcoming sessions but I mean

really sessions--with Dr. Rice, two 45-minute sessions and another 30-minute session where she was very intense about trying to learn this very complicated program. And out of all of this, we learned that Dr. Rice has moved forward with a vision which I think makes an awful lot of sense. It is transformational diplomacy, and our connectivity to that is preparing and building the diplomatic platform. And she connects quite well to these two dots, because it is very impossible for that transformation process to take place, because transformation, by its definition, one of its definitions is change, and it is a process by which you move from one state of being to the next, so our diplomatic platform lends itself very nicely to that.

Having said that, we have to get our job done, and that is construction. It will have to be done on time, on budget, and by the most efficient means possible. This next slide talks about our portfolio. You have seen this before but just to illuminate a couple of things, we operate with

about \$1.5 billion per year. That has exceeded that number the last couple of years. We are managing about \$4 billion of work. By September 30, with the addition of another \$1.4 billion that will migrate under management, in September, we will be at \$5.4 billion, because we will be bringing on board Baghdad and about \$800 million of other new work.

As this depicts, we plan, we lease, we sell, we buy all of the real estate around the world. The newest interest into this real estate is 104 acres of property in Baghdad, which we just came to closure about six weeks on. This will be a portion of the property on which we will build the new compound. You see the other stats there for your information.

Next slide speaks to the real problem. This is what we started with in 2001. We have shown this to you before, but it is important to bring it back up once again, because the reason that we are in this fix in our Government, if you will, is because our stuff is 40 years old versus

what everyone else owns in the way of U.S. interests such as oil companies, et cetera; that is about 20 years old. So we have to work our way out of that.

So this next slide shows what is on our plate. We have 40 new embassy compounds, annexes, et cetera, under construction as we speak valued at about \$3 billion; lots of rehabs, another \$0.6 billion; a lot of compound security, which is slightly over \$150 million. We intend to roll out and are postured to do a dozen or so annexes this year. That is to include Baghdad at \$592 million is the programmed amount of money, which I think everybody in the world knows now after the vetting on the Hill.

Then, of course, we have another program, Soft Targets, which we are just moving forward with, but it's catching on very nicely. That is a program designed to look at American interest-type facilities that are not necessarily part of the diplomatic enclave. Then, of course, a lot of projects in planning, \$6.4 billion worth, and that

is what is on our plate.

Now, when we talk about an NEC, that is a new embassy compound. Dr. Rice was very interested in this particular aspect, because this is the core of what we are trying to do. We are not building a building; we are not building an embassy; we are building a compound, generally on a 10-acre site, and that comes with many structures, one of which is a chancery or a consulate, however you want to refer; several buildings for general support, a Marine security guard quarters, dormitory; a massive utility system; and now, parking is on the facility as well; a recreation center of a sort; and then, a state-of-the-art perimeter system, which has various structures as well.

And that is the compound. It is situated on a 10-acre site, generally, acreage that is definitely not on Main Street. So we have to understand that part of it. It is impossible to find the kind of property we need downtown. So we work with the host countries, and together, we find the appropriate place.

This next slide speaks to going forward.

In 2001, we had about 194 deficient buildings either from security or just general functionality. We have carved into that 194 by starting and/or completing 54 of those over the last four years. This is what's left on the plate: 140, which is valued roughly at \$15 billion to \$17 billion to be funded over the next 13 or 14 years at \$1.4 billion annually. That is our program for new work. It has nothing to do with rehabs and all of the other that moves along. This is purely new work.

Now, let me sort of put the proof on the pudding and show you how we have spent that money which has been allocated. And I might add that the U.S. Congress has been absolutely phenomenal in its support of the new program. Once we got the mutual trust in place and demonstrated that we could be accountable, the Congress has been most supportive for this effort, and we are very thankful for that on our new construction.

So starting with the first--this is Doha. It's open, been open almost two years. This is

Lima, Peru. It is a very, very large annex for USAID; state-of-the-art; it's been open a year now. Tunis in Tunisia, a 10-acre site with all of the things I just talked about for an NEC; it's open over a year ago. Dar es Salaam, we are very thankful that this facility opened a year and a half ago. As you know, it along with Nairobi were hit about an hour after each other, and we tried very hard to make the openings simultaneously, but the logistics just didn't allow us to do that. So Nairobi was open one day, and Dar was open the next day.

This shows the chancery; very beautiful. Those palm trees now have matured. The grass is, in fact, green. We have a lot of state-of-the-artness around this structure, reverse osmosis and all of that for our water. It is a wonderful process. This is our Marine quarters. Don't come much better than that. This is the USAID apparatus on the same campus, and just take a note at the hallways to the right.

Up the coast about 282 kilometers, you'll

find Kenya, and this is Nairobi; a beautiful facility with a memorial garden. I like to make reference to the fact that even the flagpole is in the right location on that site. It's well done. This is the entrance to the main building as you see in the lower right hand corner. The MSGQ shows 94 percent here. This was a little bit dated. It's open. This next slide shows the USAID building, which was not a part of the original package. It was left out. We went back to make this a full NEC, and we'll be opening this in about eight months.

Istanbul, Turkey was next. This won a clean sweep of the international awards, and this goes after this are you building bunkers mentality that a few people have tried to write about, and I think winning the international recognition sort of answered that question for everyone. This is what we are building. It's been open over a year. You're looking down at the cafeteria from the CG's office.

Zagreb, Croatia opened about a year and a

half ago. This is the USAID wing that is depicted on the lower left hand corner. Sao Paolo, Brazil, completed in 13 months. Right now, it represents the largest and most productive consular operation we have in the inventory. It is a wonderful facility. There are 275 waiting seats for people who are waiting to be served. It's covered. It has a tot area for the kids and et cetera, et cetera.

Abu Dhabi in the Emirates has been open about a year; another award winner for design build. Tirana in Albania, the MSGQ is in place as we speak. The rest of the NEC trimmings will come later. We hope to have this open shortly after Christmas.

Sofia, Bulgaria is an example of excellence. We have had CoDels in there ever since we opened this. We opened it just before Christmas. It answers the real question; it is the true NEC with 3,000 trees. We preserved a lot of trees. It was an old sort of a campus site, and we were able to protect a lot of the surrounding

trees, but the replant, reforestation was tremendous. What you're looking at is the entrance to the ambassador's office, and it's well presented.

Yerevan, we just opened three weeks ago; just to say a word or two about our building: automated system called BAS; as we toured this building, obviously, people who were with us were interested in how we were going to do the maintenance, et cetera. This building has over 3,000 sensor nodes that will tell us what is going right or wrong in the building. It just takes a smart person to be at the other end of the desk computer to figure these things out. But this is the level of state-of-the-artness that we are putting in the buildings.

Abidjan is next. We will be opening this next month. It is done for all practical purposes and completing its certification. Abuja, we will open this one the next day. It is completed for all practical purposes.

Luanda will be open in the next 90 days.

It's been a struggle there for us because we didn't have the 10 acres. This was sort of a tweener, if you will, and we have worked to make it work. The important thing is that it will be done, and our people will be out of harm's way. Dushanbe in Tajikistan is a Labor Day delivery.

Kabul in Afghanistan, we have worked very hard to get our folks out of harm's way here. This 14-acre remake of this compound with housing, and the housing is hardened together with a host of structures. The first part of this will open before the summer passes. Across the street is a what we call Kabul II. It's where our USAID and others are situated now, and eventually, they, too--we built this, but they, too will have a new facility.

Phnom Penh in Cambodia could be a Christmas gift. It's going very nicely, on schedule, and could be slightly ahead of schedule. Tashkent in Uzbekistan no question will be ahead of schedule, because you know we had a very ambitious duration to begin with, but these will come in

early. Tbilisi in Georgia also has the potential to be several months early. So all three of these could be Christmas presents as well. They are not scheduled until FY 2006 for the normal duration.

So we are very pleased; tough parts of the world. I don't know where you have traveled, but if you have ever been to Uzbekistan or anywhere in the "stans," not even to speak about Georgia, you know this is tough going, so we are very pleased that these three facilities have the potential of being early.

Frankfurt, Germany is a remake of a hospital. It's going to be a regional center. It's been a tough one for us. Most of you know I really don't like these rehabs unless we are able to attack them a little differently, but nevertheless, we are going to open Frankfurt. The date is set: 30 August. And we have opened one wing already, and then, we will have our regional center.

Cape Town, South Africa will be open before the snow falls. Yaounde, Cameroon will be

open before the snow falls this year. Conakry, Guinea is early next year, sometime before March. Bridgetown, Barbados, same; Kingston, Jamaica, late summer; next, Kingston, Jamaica staff housing, and since it's not a secret anymore, this will be the Powell Plaza. It will be named for our former Secretary and dedicated in July.

Freetown, Sierra Leone, which is a very tough area; this is a late FY '06 delivery. Bamako, Mali, the same. Astana, Kazakhstan, this is the third of the "stans" now. This one is a summer '06. Belmopan in Belize, just coming out of the ground. We broke ground there in January on a very tight schedule, less than 24 months, less than 24 months. Kathmandu is getting started coming out of the ground; another tough part of the world, Nepal. Accra, Ghana; same. We are getting started. Lome, Togo, the same; Algiers, another very tough part; we limited that with seven acres because of some strictures on property, but we are going to make that work. That, too, is going to be challenging.

Panama City, off and running; good start; great site, all going. We're remaking the campus, if you will, in Athens, Greece. You can see the existing chancery in the upper left, and we took the back part of that and are now going to put in place the Marines and parking and annexes and all of that to make certain that it becomes an NEC. Managua, Nicaragua, same as Belmopan; off to a great start, and we are going to do some innovative things there with moving a portion of the chief of mission's residence back to where it was 40 years ago, and we can't figure out why they ever left.

Rangoon, off and running as well in Burma; another tough part of the world. Port au Prince, we are departure as we speak, but we are going to figure out a way; I briefed some people yesterday that as soon as things get quasi-settled, we have to get in gear, because without an embassy and particularly a hardened embassy, we can't do much, and all our people who participate with us know that sometime, we're shot at, and that goes with the turf. So we have got to figure out how to

continue to work. We had two wars in Abidjan in Cote d'Ivoire, and we were able to keep the construction ongoing in spite of the ordered departure. Berlin is off and running. This one, as you know, hung around for a decade plus.

Beijing in China is a storybook in itself. Can't say enough about that. It's really in good shape, and you know this is in a very delicate part of the world. This picture doesn't do justice. In fact, we have the long building that's outlined in green; they're all covered now, and we basically have two of the major buildings enclosed, and we're ready to continue with some of the other parts.

This next slide lays out what we have planned for 2005. I spoke to that a little bit earlier numerically, but now, you can get some visibility on location. We're going back into Bogota and fix Bogota such that it has some more expansion area. Going into Mexico for the first time with a large, a very large NEC, and of course, going back to Moscow to do some work there and going into India and going down in Ecuador; going

to go into the Balkans in Skopje and way, way down yonder in Fiji and et cetera, et cetera.

We are going to catch up some of the USAID buildings because some of their funding was out of sync when we moved, because we moved rather rapidly, and we just got the funding lined up, so we are playing a little catch up. You see Kingston coming on board, Port au Prince, et cetera, and Kigali, in Rwanda, where some very horrible things happened, putting a very large embassy compound in that country. And you see Khartoum in Sudan for the first time.

This next slide sort of wraps it up for us. We have opened since 2001 15 NECs, Armenia being the most recent. We have 40 under design or construction as we speak. You have just witnessed those. We are scheduled to open at least 10 this year, most likely 12, because I will prep you on some maybes, but my deal with the Congress is that I promised them 10, and we have two open, and it's no doubt that we will get the other eight and possibly beyond that. We're scheduled to award 11

this next couple of months and including the big one in Baghdad.

So the summary at the end of 2005 should look like this: we should have 25 new embassy compounds open. We should have another 41 still under management after taking 10 out in addition to six USAID annexes, because they are not exactly compounds, but it will be 47 new facilities ongoing.

This next slide really is true, and the best way I can describe that is in Zagreb, which was a cornfield when I first arrived, and every locally engaged person told me that it was going to be difficult to get to work and all of the issues and whatever, and we went back to cut the ribbon; there was a six-lane road in place, housing, Kentucky Fried Chicken, McDonald's--

[Laughter.]

GENERAL WILLIAMS: --and taxis all over the place, and the same person came up, and he said I was wrong, General, and you were right. So when we build, they do come.

Another story in Sofia, Bulgaria: very remote place; very concerned about housing for our people. When we were there for the 50 percent progress, a few little nodes were around and about, but ribbon cutting before Christmas; the best housing today in Sofia, Bulgaria is within a rock throw of our embassy: first class, American standards, et cetera, et cetera.

Okay; this is best practice, and it is clear that this panel is on top of that. This is one of the smart things I think our State Department did. Our Interagency Facilities Council, where we talk to the tenants who are participating with us, let them know what's going on. They get the same briefing you're getting. In fact, I give this to everybody: the GAO, the IG and whoever wants to hear it.

We have the cost estimation process, we think, just about right now. We really think we know how to do it. It's benchmarked very well. There's been a lot of work on this with industry. Good validation process, so our number is a good

number. There's been a lot of work on value engineering. We are hitting it twice now, once in planning and again in execution.

The crown jewel in all of this has been our standard embassy designs, because that is allowing us to do several things: to reduce the time, to institute the design build concept. They run hand in hand. And of course, what drives all of that is an integrated planning review, with all of the players around the table from the start to the finish. We share the good and the bad together. And then, of course, keeping our people trained was a major deficiency, and we have that in place now, and that's a good practice.

And then, of course, the last one would be the partnership that we have with the GAO and IG. I would think they are probably here today; they come to our progress reviews, and they will be the first to say that we don't alter; we discuss the good, the bad, and the indifferent, and I think that is a very good thing, because they have an overwatch function; we recognize that. And we want

them to know how we are doing it, because it's transparent, and we're using the public's money, and they have a right to know. So we don't mind them sitting and going through those two days of--well, staff has a lot of names for it but two days of work.

Now, these are my guys here. Okay; you know who you are, and this was at our last panel meeting, and you can see how intense these members are, so I didn't know you were sweating, George but--

[Laughter.]

GENERAL WILLIAMS: Okay; all right. On the next one, we've gotten some recognition, and I think that's a good thing. Those who have looked at us from an external way; the Golden Shears Award, which Ann witnessed a couple of years ago for our value engineering.

And the second one is very important, because this is working smart and just plain good government on some things we did there, and of course, our panel and our awards, et cetera, et

cetera.

Okay; that's the update, and I've taken about five minutes more of my time, but are there any questions on any part of that? But I feel you need, the panel needs to have this so that you know you are absolutely current, so that as of this morning, you know where the program is and what we are doing, and so, when you read something about 10 deliveries and 13 starts and 40 under construction, you have seen them, pictures of them. So this makes all of that credible. So are there any questions on any of that?

Yes, George.

MR. PAPADOPOULOS: One observation that I have, General, and I would like to find out if that is a plan or not: it appears all the embassy compounds that have opened are mostly concentrated in the African region.

GENERAL WILLIAMS: Right.

MR. PAPADOPOULOS: And then, it moves towards the Asia "stans" and so on.

GENERAL WILLIAMS: Right.

MR. PAPADOPOULOS: Is that on purpose to accommodate the construction practices and availability of personnel?

GENERAL WILLIAMS: No, George, that's where the hurt was. They were the most neglected. There was nothing going on in Africa. You know a little notion about two places. We have 11 new compounds coming out of the ground there because there was nothing to work with in Africa. They have a terrible electrical distribution system, and we just spend tons of money trying to maintain these little residential makeshift embassies we have.

In the "stans," and I've said this openly on the Hill, to my bosses, and everything else, I think we didn't exactly--when we stood up embassies 10 years ago, we had to do it very quickly, and we migrated to residences, and we tried to make something in Tashkent look like an embassy, but an old house or an old residence just wouldn't work for us. So we ended up with a lot of functionality problems.

So in that Eastern Europe part of the world, the Balkans and to some degree East Asia and the Pacific and Laos, Cambodia, and so on, that's where the biggest hurt is. Europe was pretty much matured. It was one of the first in some places, and the Pacific was okay, but Africa was hurting. South America was hurting. That's why you see us in Barbados and Kingston and Quito and all of that.

Okay; yes.

FROM THE AUDIENCE: I just have a comment. Yesterday, I was at the AIA national headquarters talking about the BRAC, the closing and their big program. And your panel and your name came up as an example of how to get this very difficult fast track project to be done here in the United States. So I just wanted to tell you about that. They were very complimentary about this panel and your efforts.

GENERAL WILLIAMS: Thank you. Thank you. Thank you very much.

Are there any other questions before we get started by anyone?

[No response.]

GENERAL WILLIAMS: Again, we appreciate you attending, and now, we will begin with our work.

I do want to say a word. Gina and her staff has worked very hard to put together not just some pieces of paper for you, but they have gone out of their way to make certain that even the booklet is attractive. So take some time and look through that. Gina has just been elevated to a level of responsibility which aligns her directly with the external portions of our organization, and that's the Congress, so she will be working more proactively with industry. All of you know her, but she is our point of contact. So I just wanted to recognize this work.

The first area that I would like to have you ponder with me and hopefully help us through this one. You know, anything that we discuss here, we have been chewing on it for awhile, and we just need to get your views about it. We would just like for you to respond to No. 1, reducing risk and

dealing with the critical path are two very, very touchy elements in the process.

Now, this question, quite frankly, goes to the heart of managing projects. This is hard management when decisions have to be made about the reduction of risk, but at the same time, you have the critical path there as well. So what are your views there?

MR. ZINGESER: General, if you could explain the question a little bit more; I'm trying to read into it. You're talking about risk reduction and critical path reduction. You mean reducing the time on the critical path, and if you have a shorter critical path, do you therefore have less risk? Is that the question?

GENERAL WILLIAMS: That's the question.

MR. DECHIARA: What type of risk are you referring to?

GENERAL WILLIAMS: Any risk associated with construction.

MR. DECHIARA: So basically schedule and cost overruns?

MR. ZINGESER: Well, if you have a shorter critical path, you have the risk of not meeting it. But I'm not sure if there's a one-on-one relationship there. Again, I think Michael's question about what types of risk. Obviously, if you reduce the time on the critical path, in many ways, you increase the risk, because there are elements of risk that you're now constraining in some way by having less float or less time even built into the critical path itself.

So the simple answer to the question from my point of view is they're definitely connected, but I'm not sure you reduce the risk when you reduce the time on the critical path.

GENERAL WILLIAMS: That's very helpful.

Yes, Todd. I'll come back to Mary.

MR. RITTENHOUSE: One of the things we've seen over the last couple of years is the long lead items, which has really helped by going with the same elevator companies and going with the same windows and almost premanufacturing windows, which are long lead items. It's good, because that takes

some of that longer issues out of the critical path or just redefines it.

One of the risks we've seen, though, is trying to get those windows or those elevators properly into the design, and we've talked a couple of times about getting the construction team or the architects; they don't have to buy in. They are using the windows. They are using those elevators.

GENERAL WILLIAMS: That's right.

MR. RITTENHOUSE: And I think the biggest part in the risk, and it's not really from OBO's side but from the design build side is the consultants need to realize that. There are certain lead items, the only way we're going to get out, you know, a dozen a year or so is to preorder elevators or mechanical equipment, the proper equipment. It's going in.

Now, do you want to be the architect, do you want to be the contractor putting it in or not? And that's one of the risks that we see that sometimes, they get off on tangents. Like we said last time, confirming what you're doing is very

important. But looking to other areas besides the elevators, the mechanical equipment, and the windows, what's next on the list? Let's not have it at three or four. Let's get 10 items on that list. So I think that would help and reduce the risk.

GENERAL WILLIAMS: Todd, you went right to the core. I didn't want to--because I wanted you to use your own vantage point, but that's exactly what we're speaking about. And it's not so much for the management and OBO per se, but it's for our design build partners to think through as well, because you see there are a couple of reality things here, as I spoke to a couple of weeks ago.

With the plate we have and with the support we have been provided, the path forward, quite frankly, has been sort of charted for us. So what we have to do is to figure out very smartly how to minimize all of the things that will cause us not to achieve that. And the whole issue of a new and better and more efficient way to deal with the procurement of critical material is one. We

just have to figure out a smart way to do it. And you're right: I would like to see this advance to more than just windows and doors.

Yes. I'm going to come around just a minute. Let me get Mary and--this Mary; okay.

MS. LEWIS: General, I guess everybody agrees that all construction projects have risk.

GENERAL WILLIAMS: Yes.

MS. LEWIS: And what we have tried to do is perform a risk analysis at the beginning, during design, actually, and then, maintain, and I've discussed this with several of our clients, to owners, to find out how they feel about it. And many people these days develop risk logs that they maintain a list, a formal list, of the risk. And actually, you can take those risks and quantify them and assign them to the critical path so that you can have the milestones and where the dollars affect the critical path.

And obviously, those risks are going to disappear as you, you know, come out of the ground, or they disappear as you go along. I mean, as

you're saying with the delivery of the windows or whatever it is that these things will, you will see the risks diminish as the construction progresses. And so, maintaining a risk log and linking it to the critical path is a very clear way to define your risk.

I spoke with one owner of a big oil project last week who has got a 15,000-item risk log, and it seems incredible, but they have linked it to their schedule, and they know exactly where their risks, you know, fall off the ledge here.

GENERAL WILLIAMS: That's excellent.

Let me just come right back and get this Mary and then Michael and then Craig.

MS. ANDERSON: Yes, sir. First of all, I wanted to say thank you for inviting me to participate. It's been a pleasure to attend the meetings and to learn about the panel and then now to be able to do some research and contribute. So thank you.

And as what we do in our role, much of the processes that you're describing here occur well

after the geotechnical engineering has been completed. However, this opportunity gives me the chance to reach out to our clients and discuss it with them on their visions of what this question was.

And basically, I have some responses from clients in general relating to the synergy. And one of our government clients we just completed a large building for in Washington has commented that variation is really the thing that the Government wants to avoid. Management processes should be designed to reduce variation from the predictable outcome. CPM scheduling and the current tools available for scheduling help control variation and aid the owner and the construction team in planning and in resource management.

Critical path reduction, whether that means sticking to the original schedule or shortening the original construction period comes from putting the risk control in the right place and minimizing variation to allow all parties to meet the expectations; so more of a general--

GENERAL WILLIAMS: Sure.

MS. ANDERSON: --understanding.

GENERAL WILLIAMS: Thanks, Mary.

Yes, Michael.

MR. DECHIARA: Yes, from a slightly different point of view, I guess what concerns me is where are you going to be looking to cut in the critical path? Because depending on where you cut, you can be increasing your risk; for example, if you allow less time for design up front, and that sort of--I think you have to look at that if you really want to examine what that relationship is.

Just shortening the critical path itself sounds like a great idea if you can do it, but certain things that you might shorten--I think Todd sort of touched on that--come without too much risk. You know, shortening the procurement for long lead items, for instance. But other things, if you try to compress, you may be significantly increasing your risk.

GENERAL WILLIAMS: Very good point, and I will just say this in response to what Michael laid

out, which he's absolutely correct: as the members who have been on the panel for some time know that what we're doing with all of this is just attempting to get better.

We are not ever going to throw a baby out with the bath water and create something that doesn't make good, reasonable sense. But we want to keep noodling at this to see if there is any more juice in the business of this synergism between risk reduction and reducing the critical path, and I think the long lead falls right into that, and I was just kind of looking for other ideas as well.

Craig.

MR. UNGER: A couple of comments on the risk analysis and in reference to Mary Ann's comments: I have been familiar with, both in my own agency and working with some other owners, of going through that risk analysis on a couple of areas, one on the probability of occurrence, because some of the things that we worry and spend a lot of time on are not likely to happen, but

then, of course, doing the followup to that, what are the consequences on all of the events of our risk analysis?

The other thing, we talked about so far time and the cost: the quality factor, which sometimes seems to drive the schedule particularly on design build, I think one of the good things about design build is it places, it allows the risk to be placed in the parties best able to manage such risk, and sometimes, the owner can bog it down a bit by submittals, reviews.

We sometimes forget we're not approving anymore but reviewing and issuing the notice to proceed, the NTPs, hopefully because we've picked by now, obviously, an enormous program and seeing it all.

And your opening comments, even though I've been involved with this for going on the third year and read about it, it is just mindboggling, how many and the breadth of the program is that you've clearly identified excellent design build teams out there, and hopefully, that trust just

takes a little more to allow key decision making in the field.

I enjoyed your comments from Secretary Powell's--you not having to ask for permission. It reminds me a little bit of General--I guess it was Strock over at the Corps who put out if it's good for the customer, if it's legal and ethical, and you're willing to be accountable for it is that you don't have to ask for permission; you already have it. Some of those decisions can be made in the field. It can speed up the process.

And the last comment I have is on the schedule, I know we've typically put a scheduled performance period in there. One thing I didn't do, wanted to do at my agency was leave it wide open and sort of say when we'd like to have it but let the shortlisted design build teams give us that schedule and perhaps as an evaluation factor consider that in the selection process.

GENERAL WILLIAMS: Thanks, Craig. That is very interesting, and looking at this whole thing, yes, you do have to look at the operating

environment and all of that, because some of this requires you to do things a little bit away from what has been established tradition, because when you are on a fast track, timely decision making is very important.

And it is helpful if you do not have to work through any elaborate vetting system to come to something that meets the common sense test. So what we are trying to do is to benefit from your knowledge, and you have been very helpful to share some things with us that will help us sharpen this edge.

I have two others here. Joel.

MR. ZINGESER: Just one quick thought on this issue of critical path. I guess when I was first talking, I was thinking about a contractor, and I'm thinking about the construction critical path. But it seems to me the more critical critical path is the project critical path, which involves an awful lot of activities on your side of the table.

GENERAL WILLIAMS: Right.

MR. ZINGESER: And in the past, we've talked about issues where you've raised them, and then, the answer at the end of the day was to look in the mirror. I'm not suggesting that that's the problem; I'm saying that because it's design build, and because the real program needs to be met, not just the project itself, I think going back to your statements of our last meeting about bringing more discipline to the whole program, I think that is what this is all about.

And discipline here is a good word. Discipline is fine tuning and digging down and trying to get past where we have been for the last four and a half years which is to put a new program in place and get it running and get some deliveries.

Now, it's happening, and I think--so again, I think the program critical path is probably the key, and the construction critical path is a part of it.

GENERAL WILLIAMS: Right; good point. Excellent point.

Yes; let me get George, and I'll come to Richard.

MR. PAPADOPOULOS: Thank you.

Also a thought to follow up with what Joel is commenting: this question actually, I placed it in the scenario of OBO's approach to the overall process; in other words, the standard embassy design is a given. The design build delivery method is a given; and the aggressive value engineering is a given. And what that automatically does, when you look at these two issues of risk reduction and critical path reduction, it begs to address the second part of the question: are they synergistic?

And the answer is yes and no, which is very interesting. As an engineer, I always draw back to an example: I look at it as being inversely proportional. In other words, it's like the RPM of an engine is inversely proportional to its life expectancy. So the faster the engine is going to go, the less it's going to last. So what is happening here is that the overall process, if

we look at it from a design build point of view, and we apply the critical path from the inception to the completion, where is the reduction taking place? And there, you can associate the various risks.

I think the issue, the yes part of the question is if you take the biggest critical path reduction up front on the design front of it, I think you have a much higher risk as opposed to if the reduction of the critical path takes place towards the construction phase that will not have as much risk on the end product of the process. That's an observation.

GENERAL WILLIAMS: Very good.

Let me get Richard, and I'll come back to Michael.

MR. CHACE: Thank you, General.

I, too, appreciate the opportunity to sit here and provide any insight I can. I don't want to be redundant to my colleagues' comments, so I'll just touch on a few things that I noted: I approach everything from a security perspective,

and for me, security is subjective. Every project is different.

GENERAL WILLIAMS: Right.

MR. CHACE: It's always based on a current needs analysis assessment that is unique that project. And this comes to your question, I believe, that it goes back to the old maxim: what is measured can be managed. In this case, if your risk analysis is telling you how do you minimize your proper assessment, it's going to help you minimize your risk hopefully from the outside. You'll be able to plan for that in your critical path extension of time for certain projects.

But I also feel my comment to this point is it's all based on contingency planning is that you should be able to plan in your process. You don't want to get so bogged down, as Mary is talking, about with a 15,000-item--of course, that helps, and it helps you measure it, but you can be overcome by managing your risk, and you can put too much resource and time into trying to plan for every contingency. You just can't do it.

So you have to be adaptable and mutable as you move forward. So contingency planning, to me, is the critical essence of this question: how do you begin to plan for those things and have processes in place that allow you to act on the fly, quickly, and empower your people on the ground? That will ultimately help you manage risk and help you facilitate that synergistic tie-in to your critical path question.

GENERAL WILLIAMS: This is outstanding, because quite frankly, that gets after a little bit of what Joel said and Mary as well, is that the whole idea here is to recognize that there has to be sort of a fallback position in everything that we do, and we do plan for that, because the contingency planning is interesting.

It's an integrated phenomenon, and I think it ties into a lot with our concept of trying to become now the disciplined organization for this program, because we do have to turn on a dime. We really don't have time to, when Murphy or anybody else get in the way, we have to do something. And

we need several things in the hip pocket to go with.

And it's a question of balance. We know that certain things are absolute musts, like schedule and these other things and cost control to some degree. So it's a question of having a good, well thought-out contingency plan of what if, and when I was in the military, I recall that every project we undertook, we had a what if exercise for it. Because we knew Murphy was going to get in the way. And so, that's one of the things that I think we can pay some attention to, and I appreciate you bringing that one up.

Michael.

MR. DECHIARA: Yes, you know, I think everything, you know, talking about inverse proportions, everything is really dependent on the quality of the management team that you have in place on a given project, because, you know, initially, I thought if you're going to compress critical path, designs should be somewhat sacrosanct. And thinking about it, I'm not so sure

that's true, because to the extent that you can standardize things, you can push that, and I think you've done that.

In terms of procurement versus construction, well, you can compress procurement, and I think with the proper team in place, you can compress construction as well. I don't think anything's a sacred cow, but it's all critically important in terms of how the overall project gets managed and what buttons you push and when.

GENERAL WILLIAMS: Excellent.

Okay; this--yes, Todd.

MR. RITTENHOUSE: A couple of final comments, and one is I totally agree: the more the schedule is compressed, the more the--speaking from the designer side, the design side has been compressed, and that was where the risk comes from. And so, I wish there was a way that we could control that overall.

But the bigger issue is if you are trying to reduce the risk, where does the greatest risk come from? It's the unknowns. And the only known

unknown typically on a site, and we know what the weather is like, because we've had weather there for centuries, et cetera, but it's the soil and the foundation system.

And we talked previously about OBO trying to do some advanced analysis on the soil conditions and determining what foundations should be placed, because as I look at projects that have had, you know, major extras or conflicts, it's relating to geotechnical issues, because nobody knew that there were perhaps oil tanks below. In a cornfield, you're not going to find that. You know, I have recently had a case of that.

People make guesses of, well, someone did a soil report 20 years ago or 15 years ago, and that's sometimes what is provided, and so, the more that you can invest in providing that information up front, once you have made it known to whomever that you're going to buy a particular piece of land, I think it will help you if you went out and got modern analysis, springs, information to provide to the contractors so they can provide a

better package to you and not run into those construction delays or the unknowns that could have been known if it was taken out.

So trying to find a concrete example, like the elevators and windows, I think that if we put some time into the geotechnical information, that would help the construction in the long run.

GENERAL WILLIAMS: Well, Todd, I think that is very useful, and we touched on this, I think, about a year ago, and our front end portion of the process, the program that Joel made some reference to has in our opinion improved significantly, because the planning now is really--we can say it's planned.

And we do deal with these what we call rites of passage issues, having a lot of intelligence through the planning surveys about what we're dealing with. We have done it extensively, for obvious reasons, in Baghdad; lots of site prep, more than we should. But you are right on target with what we need to do at the front end of the process, and I think it's light

years from where it used to be, and it can be improved. But we understand the risks associated with the soil conditions.

Are there other questions?

[No response.]

GENERAL WILLIAMS: Well, I think that we have hit that one enough.

Let's skip down to number seven, and given our preference for design build contracting, how can we provide a fair and accurate performance evaluation? Now, this came from Bill Minor, who is not here, so who wants to speak to that one? Yes, Brian?

FROM THE AUDIENCE: Basically, what we're looking for is an opportunity to wait to take what is a traditional part of the evaluation process, and that is at the prime, and broaden it so that we can recognize and provide solid input to ourselves and our colleagues about the performance of the individuals that you have hired, the individual firms, subs, vendors that you have hired for the performance of your work.

And when I'm talking about this, I'm talking about this as if you were the design build contractors that we retained, but I think you probably have encountered this throughout your individual industries. I would be very open to ideas of how we can accomplish this given that we have some limitations from a legal standpoint, reporting on the prime contractor solely at this point.

GENERAL WILLIAMS: Everybody got it?

Okay. Michael?

MR. DECHIARA: Well, why don't you just simply ask your design builder to rate the members of his team at the conclusion of whatever project that design builder is undertaking for you? They're going to have the best knowledge, and I assume that you're building--you know, you're assuming that you can trust your design builder, and they'll give you a fair evaluation of how these various entities, you know, carried out what they're supposed to carry out. Am I missing something?

GENERAL WILLIAMS: Well, Brian, is that getting there? I don't think it is.

FROM THE AUDIENCE: I think from an owner's perspective, we would like to find a way to, from our perspective, also provide some of that input and evaluation. We understand your interest in retaining people. But we also want to be able to use those evaluations for some of our other contracting work. So we want to be able to provide an opportunity for that assessment that we can use, you know, from an interagency standpoint.

MR. DECHIARA: Sure, but why is it inconsistent? You're looking for information: how did the electrical subcontractor perform? And if he's going to get graded at the end of that project and perhaps graded on an objective set of criteria that you established for the design builder; you know, were they cooperative? Did they meet the schedule? Did they meet the budget? Did they help you with value engineering? How proactive were they? When things happened that were unexpected, how well did they react? How well did they staff?

How experienced were they?

I mean, you can come up with a checklist. If the question is we don't really trust the design builder--I'm just being very frank here--then, how do we get around that, because we want to sort of test the responses that we would get; you know, how you do that, perhaps you have the design component of the design build team fill out a similar evaluation.

The concern there is, of course, you don't want to be dividing your design build team. And if you get inconsistent answers, actually, inconsistent answers may be good for you, because they may highlight something. But other than that, I really don't know how you do it.

GENERAL WILLIAMS: Thank you.

Let me go to Joel.

MR. ZINGESER: You set me up for this.

[Laughter.]

GENERAL WILLIAMS: I could see you--

[Laughter.]

MR. ZINGESER: I don't think it's a matter

of trust. I think it's a matter of trying to get the best and most accurate picture as possible. A design builder, in my opinion, will make selections of subcontractors and designers and others on the basis of wanting to get the best that they can for the prices that they need to get to deliver the quality that's expected by the owner for the project.

So putting that team together going forward, the evaluations that are used to make those selections in putting the team together are critical, and they're based on the history of the design builder working with those various entities. Then, going forward and working on a given project, it's critical that the owner have a presence and be involved in judging not just how the design builder is doing as an overall manager of a process but how the whole team is doing down to certain levels.

And, I mean, there is a certain reality; for example, if you have a large mechanical job, there may be second and third tier subs. Most owners aren't going to get way down looking at how

well those subcontractors are performing, but they certainly will look at the performance at the prime and subcontractor level and maybe a little bit below that in terms of quality of workmanship on ducts or some other aspect.

But the main point is, in my opinion, this is very, very important to everybody. We as--and I'll speak for the designers as well as the constructors--we are very, very conscious of how the owner perceives us in the course of doing our job, because it's critical to getting the next job.

We will not get the next job in this day and age if we are not evaluated properly and for doing a good job. So how you see us is important. If you're an educated consumer, to use an expression from the retail community, that is important to us, because it means you are looking at us in the right way.

So the onus is for you to be evaluating us and be evaluating, have some transparency down into our subcontractor level and our designers and so forth. And that means you have to be present.

That means you have to be involved in the right way, and you have to be, when we're in construction, you are an owner who has a responsibility to know what's going on. And not only to just see that you get what you want but also to make sure that everybody is doing the best that they can.

I think that I'm kind of rambling at this point, and I think I've made my point. It's key that you have quality people on your site doing your job, whether they be your employees or representatives, construction management, service organizations, whatever, who can look at what's going on.

How you do that, you know, we can go into a lot of detail in terms of monthly reports. And it's real critical that that evaluation not be done at the end. It must be done on a continuum throughout the course of the project, and the best part of it from your point of view is to tell us all along the way how we're doing. If you're telling us how we're doing, we're going to do

better. If you hit us at the end and say unsatisfactory, well, you know, what does that do for anybody? That's not the answer so--

GENERAL WILLIAMS: You know, that's excellent. I just want to hold that point.

I'm going to go to Richard, and we want to come back to this, particularly about the continuous feedback piece.

MR. DECHIARA: Well, actually, General, it builds upon what he's talking about. And to me, this just goes to a best practices question: if you guys are looking for a--and you can determine this with your industry panel here. Say hey, look: how do you guys evaluate in this process? Sit down and develop a best practices for that. So it becomes a standardized tool that we can use: flexible. You don't want to be too rigid, because everything is subjective, but it should be a standardized tool, say here, you must hit the following points. And I think, Michael, you were building on this, too is I think this is exactly what you want to get to is you should have your own

standardized document in which you're saying, I require you to do the following types of evaluation throughout the project, period. That's part of it.

GENERAL WILLIAMS: Excellent.

Let me get Craig and then Mr. Edwards.

MR. UNGER: That is a good question, and it certainly has been an issue at DBIA that's come up over the years, being that most design build projects are contractor led, and it's the designer who would love to have a separate evaluation that I usually respond to it by asking, from an owner's perspective, why would you want to do that as the agency?

Because what we're striving for here is not just collaboration but truly an integrated team effort that kind of like--I'll go back to a sports analogy: you win the Super Bowl or the Series as a team, and it's important for them to feel that way, I think, both throughout the project and at the end.

However, this does hit to the core, I think, of best value selection, and that is are we

really awarding on those best selected teams, or quite frequently, if the agency is perceived as, well, they shortlist on qualifications, but they really are going to award on low bid, on price only in that phase two. And what happens frequently is the GC will simply buy out subs on price, and it can certainly be an issue.

But let me take it to another point, and that is I have found over the years that perhaps the best input to evaluating the design builder comes from the subs. There is feedback I've gotten from subs that said I would follow this design build team anywhere across the nation. They pay on time. They include me in problem solving and decision making. They're fair. It's been a valuable input into that process.

And then, the last one I would ask with, and this is a question, do you at the end of the project ask the design build team to evaluate the OBO team? Do they get a chance to put something on paper?

GENERAL WILLIAMS: You just gave me a

wonderful idea.

[Laughter.]

GENERAL WILLIAMS: I see all these frowns around. Okay; good point.

MR. UNGER: Thank you.

GENERAL WILLIAMS: Yes, Mr. Edwards.

MR. EDWARDS: I'm probably new to this, but--

GENERAL WILLIAMS: That's fine.

MR. EDWARDS: But in the hotel business, we have a very unique situation with Hilton Hotels is we have an owner that we're repping. We have contracts for deadline dates that we cannot fool with with conventions or whatever is being booked, and we have to be user-friendly to our guests and be on time.

The principle we use in development and construction, anything from a Hampton Inn to a Hilton to a Waldorf Astoria, whatever it may be all over the world is fast, focused, and flexible, those three words. When it comes to design build--

GENERAL WILLIAMS: I like them all.

[Laughter.]

MR. EDWARDS: They kind of get everybody's attention. And it's kind of like the Indy 500--I believe you just said it--the driver has a headset to the crew. He doesn't pull into the pit and say I just ran out of gas. He is talking to the crew every day, every minute of this race. We have a design construction project. I won't mention the city. It's a \$310 million bond project, and it is now in the design phase. We asked a simple question, again, fast, focused, flexible, of the design build contractor. We've got to get this down to \$290 million, whatever the bond issue was after meeting with Moody's.

Ten days go by, no response. We called them in. We informed them we're going to go back and rebid the complete design build immediately with our chorale of people, the Whiting Turners, the Kiewits, whatever. And we went out and rebid the entire project. Again, we were in the design phase. We were not moving dirt yet.

So the checklist that somebody mentioned,

holding them accountable, having a company that you can deal with face-to-face and staying with them as an owner; remember, Hilton does not necessarily build these buildings. Like the Atlanta Hilton, if we do a project there, we're working for the owner, who is in Kuwait. That was interesting in the midnineties trying to get money from Kuwait over there to rebuild this hotel.

So there's a lot of grey areas. But discipline, checklists, meetings, weekly meetings if necessary, and the sciences are involved. Our team has a team of each science: engineering, FF&E, whatever. We have brand managers. If we're doing a Hampton Inn, we have a specialist for that. If we're doing a Hilton, we have a specialist for that. And they maintain standards of quality and security since 9/11, because that's a whole different issue.

So fast, focused, flexible and not being afraid to pull the cord and change if we have to to get it done by a certain date. Because if we have the American Institute of Architects convention

booked in 2008 for that hotel when it opens, and the hotel doesn't open, someone has to pay them to move 4,000 or 5,000 people to another city. So there's a lot of ambiguities, but that is, to me, the critical piece and staying on it. There is no such thing as, well, I'll see you in two months.

GENERAL WILLIAMS: Well, this is excellent, and I probably need to talk with you more.

[Laughter.]

GENERAL WILLIAMS: Because we have not compared notes, but you have about 90 percent of my speech.

[Laughter.]

MR. EDWARDS: I've been in Washington 30 years so--

[Laughter.]

GENERAL WILLIAMS: No, you're right. We've got to get it done. It's not an option to do anything else. And I think that is the important thing and the unique feature of the world that we play in. We really do not have an option. We have

folks in harm's way; we have a promise; people are planning to move; other things happening in relation to that in the political world.

So it is about discipline, and that's one of the reasons that we are pecking away, and we will be doing this all of this year, looking for sharper and more pointed ways to discipline the process. And that's the reason for this. There was a very interesting comment made earlier about evaluation going both ways. We shouldn't be afraid of that. I'm not suggesting to my staff that we are, but we shouldn't be afraid of that. But it's very interesting.

FROM THE AUDIENCE: General, I'd actually like to follow up on that very point. One of the things we do do as part of our lessons learned program is in the fall, we have a contractors' roundtable. It has two components to it: one to the contractors who just bid on jobs and did or did not get them. We spend a morning session talking about what do we need to do with our RFP to make it a better product?

But more importantly, we also talk to the contractors who have now been under contract for a year or two, have gone through the design phase, getting into the construction phase and ask them for their feedback, not only about the product but the process. So while we don't do it on a project by project basis right now, we do try to get everybody together and talk about it in general terms.

GENERAL WILLIAMS: What about the--respond to Joel's comment about continuous feedback.

FROM THE AUDIENCE: I think that is an excellent idea. I think we do it, unfortunately, in too much of an informal manner. I do believe when we give the review comments back, we should give a scorecard back with it.

GENERAL WILLIAMS: Okay.

Yes, Mary Anderson?

MS. ANDERSON: Well, you currently have a tool that you might be able to use for the feedback, and that's your comment section in the ProjNet program, where the subconsultants and all

parties involved are submitting their information, and there is the comment coming back on the product that is submitted at that time. You could use that as an opportunity for benchmarking or for tracking the work that's provided under that.

FROM THE AUDIENCE: Yes, we can capture it in the database, and then, we can trend it over time, too.

MS. ANDERSON: Right; and then, also, out there, which I wasn't able to get my hands on before now, but the GSA and the AGC did a study of a criteria to develop for evaluating subcontractors, kind of taking an ACAS down to the subcontractor level. And I wasn't able to get my hands on that criteria, but I would hope to within the next week or so. It was done in the midnineties.

FROM THE AUDIENCE: Great.

GENERAL WILLIAMS: If you get it, please pass it to us, okay?

Yes, Joel?

MR. ZINGESER: This subject, just to

underscore the last point Mary made, at every AGC Federal construction meeting that I've ever been to, one of the subjects that's always talked about with the Corps and the Navy and GSA is the evaluation process and trying to get it right and get it done once and stop having to bother your new best friends. Every time you're doing a proposal for another job; you've got to get another piece of paper, and it becomes a chore for everybody.

And I can just say unequivocally that AGC, for one, will be at the table to talk to you about this process, how you develop it, how to make it right for everybody, work both ways, have it kept in a database, work with your friends at the Corps, the Navy. I think the Corps has finally given up. Maybe that's not the word. But they're going with the Navy. And the Navy and the Corps are going to put it together, which is fine. And GSA has its system, which is there.

So anyway, if you're looking to do something here and do it for, you know, in a constructive way that's going to last, we'll be

there, and I suspect some of the others would be happy to be there as well.

GENERAL WILLIAMS: Very good. That's outstanding.

Are there any other comments on this subject?

[No response.]

GENERAL WILLIAMS: Well, thank you very much for your input. It's very helpful, and I think there are bits and pieces of everything that's been presented that can be very helpful as we continue to noodle this one.

Let's look now at number three on your page, this whole business of control versus the process. With Michael and Joel conversing, you compare notes and decide who's going to talk first?

MR. ZINGESER: Well, I know that the word is can be substituted with an equals sign, so it probably doesn't matter which comes first.

GENERAL WILLIAMS: Doesn't matter.

MR. ZINGESER: But I would definitely say that process control is project control as a

beginning.

GENERAL WILLIAMS: Well, I'm trying to fish something out here so--

MS. LEWIS: And I disagree.

[Laughter.]

GENERAL WILLIAMS: Okay.

MS. LEWIS: I think of project controls as external forces. It could be change conditions, it could be a claim or whatever it is, whereas process control is your internal process, and it could be internal reviews, internal approvals; you know, you reach a gate, you give an approval to the design to move forward. So I view them as different.

GENERAL WILLIAMS: Right.

MR. CHACE: General, for our association, our industry, we always say that policy drives technology. You don't want to put the cart ahead of the horse. I think it goes to this question. I think, you know, process sets the tone, and the project is the execution. And as you're flying down the road, you have to be able to turn on a dime and adapt and have contingencies and things

like that. So I don't think that they are one and the same.

I think one is, again, you're putting the cart ahead of the horse if you put project control ahead of process. You get your process down first so you know how you're going to govern your project.

GENERAL WILLIAMS: Okay; we're getting somewhere.

Okay; Michael?

MR. DECHIARA: Well, what I whispered to Joel--

[Laughter.]

GENERAL WILLIAMS: He didn't say what you told him to?

MR. UNGER: The microphone picked it up already.

MR. DECHIARA: It must be one of those CIA microphones.

[Laughter.]

MR. DECHIARA: But, you know, the point was we have to define these terms, because

everybody may be using the term a little bit differently. So if we understand what you mean by project control and what you mean by process control, I think we can more intelligently comment, all right? Because I think you defined process control differently from the way you defined it, and you defined it differently from the way they defined it. And so, it's sort of--

GENERAL WILLIAMS: Well, let me help you a little bit with that, because I'm the one that got the staff excited about this now. But we have to do business by process. That process has to be disciplined if you're going to be successful. That becomes your mantra; that becomes the way you do business. Now, in my opinion, there is a difference between that, which is the driver, it's the way you do business, and controlling the project. You see what I'm getting at? So I just want to get your views about it.

MR. DECHIARA: So, then, just so we're clear, process is the sort of administrative way that State, your group, has to approach projects in

general.

GENERAL WILLIAMS: The way we would like to approach it.

MR. DECHIARA: In general.

GENERAL WILLIAMS: Right.

MR. DECHIARA: And project management is specific to any given project, how you're going to carry out that project, right? So obviously, there is a difference between the two, and so--

GENERAL WILLIAMS: Okay.

MR. DECHIARA: Just the way you've defined it.

GENERAL WILLIAMS: Okay.

MR. PAPADOPOULOS: General, the way I look at this is definitely, they are not the same. They are not equal. I look at process control as, if you please, a strategic planning, and I look at project control as tactical planning. While the process control, an example would be the development of standards of OBO. That is process control.

However, the project control has to be

very flexible. It has to be fully adjustable, depending on specific circumstances of the project that might negate certain parts of the process. Sometimes, it might be necessary to adjust the project for unique situations that might be faced. An example would be the geotechnical information that might come.

And the issue here is that while process control has to be rather rigid and disciplined, the project control has to have a different ingredient, and that is that of flexibility and adjustability, depending on circumstances. So my answer to this question, I do not agree that it is the same thing. It is not.

GENERAL WILLIAMS: Okay; that is very good. Are there other comments about this?

Yes.

MR. DECHIARA: Well, to the extent that you can make them one, you're maximizing what you're attempting to put in place. And maybe one way to evaluate, you know, going back to the prior point, one way to evaluate the design build team

and the individual constituents of that team is how closely did the project management on that given project get to where you want to get to with your process?

GENERAL WILLIAMS: Okay; yes.

MR. UNGER: One comment is my favorite subject, design build, it relates to, noticing that there are still, I think, three current embassies being built under the standard design bid build, hard build environment, I think sometimes, they do get intertwined in postaward, because there is a process for both types, and sometimes, I know as owners sometimes forget that when we awarded the contract, there were no construction documents. The CDs have not been developed yet, and we sometimes lose track that that's one of the risk shifts is that the design build team owns the details, not the performance spec but those details, and again, whether it's submittals or going through the process because we are concurrently beginning construction before you have final design, I think sometimes, that's why

education is such an important part of your program is to identify--again, there's a difference between the process and the project that sometimes, old habits die hard when we're going from one project to the other.

GENERAL WILLIAMS: Yes; thank you.

Mr. Edwards?

MR. EDWARDS: Just very quickly, I'll put on my other hat, non-hotel, but as chair of the Greater Washington Board of Trade. We are now sitting here talking about process and project, and we're trying to get our arms around the BRAC movement and everything going on in DOD and part of your back yard also.

GENERAL WILLIAMS: Sure.

MR. EDWARDS: Because we've got Metro plans, ICC connectors, all these different pieces moving around and realtors and general contractors and leased space and owned space. So all of a sudden, that one press conference generated a whole plethora of issues to be put into some kind of organized process.

So when you ask about what is project control and process control, you can't have a project without a process, and the process has to be inclusive and defined and disciplined up front and move into the project, like in this case. This is not a critical comment of DOD. I understand the logic. But boy, it just kind of was shot out there very quickly.

In that case, I think there was a breakdown in process to project success levels.

GENERAL WILLIAMS: Excellent.

Yes, Joel?

MR. ZINGESER: Again, I think this is probably getting beaten to death but--

GENERAL WILLIAMS: No, that's--

MR. ZINGESER: What Bill just said makes all the sense in the world to me, because I can't think of a project that isn't a process. I mean, everything about it is a process unless you're thinking about it as a commodity, because what you're doing is delivering services. And if you're delivering services, design services, construction

services, everything that goes into it, you are by definition managing a process to get all of that done on time, within budget, to the quality levels expected, to meet the owner's expectations and so forth.

So managing that process is, to me, one and the same as managing the project. Controls are the valves that you're looking at and the meters you're looking at. When things start getting too high, you have to do something. And that, to me, is a little different. We're looking at cost controls, we're looking at scheduling controls and other systems to control the process, to make sure we meet all of the objectives.

So semantics may be getting in the way, or maybe in my head, it's just all scrambled. But to me, that's sort of what I think about with this question.

GENERAL WILLIAMS: Well, do you agree that whatever they are and however they connect to each other, what's your view about discipline, about either?

MR. ZINGESER: Well, I'll use a good example, I think. To me, it's a good example. When we talk about project control to an owner who has given us a lump sum contract to deliver something, one of the things we share with them is how we control costs throughout the process.

Now, you could ask the question if I'm the owner, and I'm going to pay this much money, what do I care about how you control costs internally in what you're doing? And the answer is will give you the assurance that I won't be beating on your door with other cost issues because things happen.

So to me, control systems within the process are important in delivering, you know, at the end of the day what you've promised to deliver. I don't know if that helps.

GENERAL WILLIAMS: Well, I think it does, and I think what I've heard here is that obviously, you have to have an overarching process to do anything. And then, inside of that or connected with that, and it's an argument as to whether it's the same; I'm sort of the school that there is a

delineation between the two, because the project control becomes more of how the execution will take place and being disciplined to make sure that the process remains intact.

For an example, you know that we have a very sensitive commissioning part of our operation. Once the project is basically done, you saw many at 98 percent or whatever. Take Abidjan, for example. The building is done, the building is done. I mean, things work, and, you know, and so on. But we are going through another process, another part of our process, which is accrediting the building for other reasons. So that's the reason we thought that there was a--we thought we shouldn't mix those, okay?

Okay; are there any other questions, comments, on that?

[No response.]

GENERAL WILLIAMS: You've been very helpful. I think that helps with what we're speaking about.

Let's try number six. Who in design and

engineering wants to speak to that?

FROM THE AUDIENCE: Thank you, General. I apologize for not introducing myself earlier. My name is Brian Schmuecker. I'm filling in for Bill Minor, who has a scheduling conflict today.

GENERAL WILLIAMS: And it's also obvious that Bill didn't tell him that he was gone.

[Laughter.]

GENERAL WILLIAMS: I'm just helping you out a little bit.

FROM THE AUDIENCE: It shows.

As you can tell from the General's opening presentation, we've got a lot of work underway, but we've got a lot more coming down the pike. And we want to find ways to increase the opportunities for everyone but specifically for small and disadvantaged businesses to work and, if you will, play and perform in this arena. We'd like some feedback from you on either models from your specific industries or sectors at how you can accomplish this, how can we accomplish this?

MR. PAPADOPOULOS: Can you clarify one

issue, please? When you say small and disadvantaged, are they two distinct issues, or are they the same?

FROM THE AUDIENCE: They're two distinct issues.

MR. PAPADOPOULOS: So you mean small business and disadvantaged business.

FROM THE AUDIENCE: Correct.

GENERAL WILLIAMS: Yes, Mary Anderson.

MS. ANDERSON: I think you're looking at two different situations. You're looking at utilizing the small and disadvantaged businesses that you already have on board and that you have already prequalified either through your ID/IQs and that have a certain level of experience and qualifications to participate in the programs. And you currently have those vehicles in place. So selectively using those vehicles and contracts where there is a higher opportunity for success is an option to bring them into the program.

You've also got--there have been circumstances in industry also where you have small

businesses that are prequalified with larger contracting teams or whatever, and then, they find out later on well, we've prequalified, and now, they can be bid out or switched out for any reason, and it might be a good idea to have your small business representative monitor these larger contracts, where if a small business is no longer part of the team that originally prequalified that unless it's for nonperformance that a good validation as to their replacement--also, the aspect of bringing in small businesses that are not familiar with the program and need to learn and grow into the program.

There are a couple of programs, for example, Metropolitan Washington Airports Authority, they have routinely small business fairs, as do a lot of groups. But it's not only just meet and greet the prime contractors; it's training and sessions on how we do business and what our business is and the learning experience for them.

And then, I guess lastly, a way to select

these firms that do not have the experience with your agency, which is usually a criterion which is kind of the chicken before the egg, something that the county governments do, and we compete and this arena, is that they actually have as one of the selection criteria that your average dollars contracted with them over the past three years is actually an inverse score.

So all things being equal, where you're scored on your projects, your approach, all the standard criteria, the firm that has the least experience with that agency actually gets a higher score on that criterion, and that's how some of the county agencies bring new people into their program.

GENERAL WILLIAMS: Thanks, Mary.

Let me go to George.

MR. PAPADOPOULOS: Okay; let me prequalify something here. I represent the American Council of Engineering Companies, and it's over 6,000, 6,500 firms in the United States that belong to the Council. Of this, let's say, 6,000 firms, over 75

percent are small businesses. And I'm really addressing the ANE portion of the process.

When I say small businesses, this is an average of 10 to 15 people. You're talking the range of \$1.5 million to \$2 million fee organizations. What has happened is that the Federal Government has raised the criterion for a small business I believe to \$7 million right now, basically making everybody a small business.

[Laughter.]

MR. PAPADOPOULOS: So that's why I asked the issue about the small and disadvantaged. In the past, also, several Federal procurement officers always associated small and disadvantaged as one entity; there was no defined distinction.

It is a very difficult task--I have found this from one of my colleagues and other people that I have over the years spoken with: for a small firm to exist in an environment such as the OBO--it's a very, very critical one--and the reason is they have to compete with the large firms; they have to compete with the disadvantaged firms, and

what is left on the pie, it requires such an effort that you're rather directed to another area.

Of course, there is plenty of work, as always, and ANE firms do not go out of business because of lack of clients. They go out of business because of performance. So the idea is that they focus their shall we say marketing, if you please, or their targeting towards places where they can get results.

I feel that the OBO needs to review its criteria about small firms and actually make it a point to benefit from what a lot of small firms out there can offer. There is a lot of talent; there is a lot of innovation; and being a consulting engineer in Washington since 1971 in practice here, I know that 95 percent of the work is done by 5 percent of the firms, and you will be surprised that the majority of them are small firms.

So it is a rather unique area that I'm referring to as an example, and I do not want to apply that to other areas like New York, Los Angeles, so on. But to attract the talent and the

qualities that small firms can offer, somehow, you need to readdress of how you make presentations about the small and disadvantaged business.

I personally have attended in the past several of the seminars that were put in place by OBO, and the message is very, very clear: small and disadvantaged is the same thing; forget it. I think next time there is an industry day or whenever that is planned, a more progressive, palatable presentation. And it's a two-way street. I think you will find that you will be pleasantly surprised about getting a value from the dollar.

GENERAL WILLIAMS: Excuse me, George.

MR. PAPADOPOULOS: Yes.

GENERAL WILLIAMS: Will you repeat what you just said a few minutes ago?

MR. PAPADOPOULOS: Yes, you will be very pleasantly surprised by the value that you will receive by looking at small businesses.

GENERAL WILLIAMS: No, the one prior to that.

MR. PAPADOPOULOS: About the OBO day?

GENERAL WILLIAMS: Yes.

MR. PAPADOPOULOS: I think OBO should make it a point to invite small businesses that are not necessarily small and disadvantaged into the table and have a specific seminar strictly for small businesses and address what OBO would like to see and find out really what they can offer.

GENERAL WILLIAMS: It's such an excellent point, because Gina and I just discussed that a couple of weeks ago.

MR. PAPADOPOULOS: I see.

GENERAL WILLIAMS: And on our upcoming industry day, I think you'll see a whole different format, because we intend to flesh out, sort out, categorize so that there is no misunderstanding about--

MR. PAPADOPOULOS: If you will permit me one more second, General, what I have tried to say here is that the value that needs to be recognized by a small engineering business firm is that they can do the same if not better at a lesser price. We're talking about reducing costs. And the reason

for that is not because they make less money; it's because they do not have the overhead or the exposure of a larger firm. That's the reason for it.

GENERAL WILLIAMS: Okay; I understand.

Okay; now, to get back to you, Mary Anderson; I want to get Todd. We're going to get everybody here.

MR. RITTENHOUSE: There are a couple of issues here.

GENERAL WILLIAMS: You can see we don't avoid controversial areas here. I knew this was a minefield.

MR. RITTENHOUSE: Well, I agree with George right from the very end there.

[Laughter.]

MR. RITTENHOUSE: OBO has a good program, because you do the IQCs, and, you know, one or two of the four or five that you award are too small business, and that has been very good and helpful, because you are able to tap into the three and five and 10-person firms, and we've been fortunate

enough to work with some of them or have friends who we have guided there.

Because a lot of people call me and ask me how do I get in? And that's one way to get in. That's how we actually get into a lot of programs, too, even though we are a much larger firm. And the definition of small, yes, has moved from \$4 million to \$7 million, but, you know, we go up against Bechtel, and, you know, we're tiny compared to Bechtel, but we're huge compared to some of the other guys out there.

One of the problems I've seen is the bait and switch. And I think--I don't know if you want to get into a scenario where you demand a larger percentage of the small and/or disadvantaged firms, but you might want to consider giving bonus points to the people who do, because the disadvantage or the concern or the risk of going with, you know, demanding a small and/or disadvantaged firm is they tend to have three or five people.

And when you go after a project, they have win ratios of, you know, 5, 10, 20 percent, so when

they go after, you know, 10 projects, they're hoping to get one or two. And what if they happen to win, you know, miraculous year: they win two large projects? Then, what happens?

And then, you're stuck with someone who has to make a decision, you know, do I build an embassy, or do I build a new GSA building? And I've been dying to get into both of those markets for all these years. And so, there's a risk when you go to a small firm, and there are many small firms. And so, you should--and, you know, Suman is here, and she's done a wonderful business of doing, you know, some IQCs, and she's doing embassies for you, and Wan Cho Li has done that. And they have made businesses out of doing business for you.

GENERAL WILLIAMS: Sure.

MR. RITTENHOUSE: And you need to broaden that.

But be wary of the firms that come in, and some of them are good friends of me, that, you know, if you award it to a five-person firm, there isn't a lot of backup there. And they can't send

three people someplace for a week or two if they're a five-person firm. So you have to be careful. That is why I actually kind of agree with moving from \$4 million to \$7 million, because a firm doing \$2 million a year, you would be nervous. Great guys. They are very, very good at it, and they are probably much more cautious, because they look at every single detail, which is good. They also can get bogged down in looking at every single detail.

So there is a good program in place. I think it would be good to invite both the, you know, small and more disadvantaged companies, but there is a risk. If you could get wording in there to avoid the bait and switch, it would probably be the best way, so people don't bring in someone and say, well, you know, okay, I've won it. How do I do it? Let me go out and get Bechtel to be my architect as opposed to someone smaller. So it would be a concern.

GENERAL WILLIAMS: I understand. Very good.

Let's see; now, there were--I want to get

the panel here first, and then, we'll--

MR. DECHIARA: I deal with this a lot in the private sector, and I guess just some points that might be more helpful given the type of program that you have: to the extent that you have small or disadvantaged AE firms that have specialties, it will probably be easier to integrate them into the program that you have. So on the mechanical side, if somebody is a noise consultant; on the structural side, if somebody is a seismic consultant; I mean there are examples.

To the extent that your designs are becoming more and more standardized, it gives you a big advantage, because, you know, it becomes a simpler matter for the firms. It is not as complex a design problem from the design point of view.

And I guess thirdly, and I don't know that this really happens, but to the extent that you have design teams that are involved in multiple projects, there is probably an incentive to bring on a small firm and sort of to lose something up front teaching them and bringing them up to speed

if they know that there will be economies realized
if they're working on more than one project.

Just some thoughts.

GENERAL WILLIAMS: Okay; any other
comments from the panel members?

Yes. Okay.

MS. ANDERSON: I have one comment back to
George about the feedback for the cost value of the
small businesses, and while I agree that there are
the lower operating costs and overhead that would
contribute to a lower fee, we have also experienced
something to the contrary just that you should be
aware of, which is that we're involved in a
project, and we, at the request of the owner, were
filling all available slots with subcontractors
that were SB and DBE.

And when the sub-consultants found out
that this is a requirement to fill this, their
pricing that they actually came into us with was 30
percent higher than our normal counterpart set of
consultants that we use, mainly because they were
filling an incentive goal. And so, we had to

restructure a couple of things so that at the final analysis of the proposals and at the request of the owner, we went back to the standard subconsultant that we used that brought our budget back into line.

GENERAL WILLIAMS: Okay; let me try here, and then, we'll try over here.

FROM THE AUDIENCE: As you might guess, I'm a small firm owner.

[Laughter.]

FROM THE AUDIENCE: I don't understand, I don't believe that get a better service if you work with a 50 people firm rather than a five people firm, because in a smaller firm, all of the key personnel will be directly involved in the project. They will be actively working on the project versus, again, you know, a 50 people firm, you're going to have maybe five people involved in the project but one top level person and then maybe junior staff working on the project.

So when it comes to quality control, I believe there is a better quality control in a

small firm better than a large firm.

MR. RITTENHOUSE: Let me just say I agree with you on that. It's just that when you're asked to send, you know, the three people to the site for two weeks, or we've sent people to site for four weeks, and now, you've got to send out three of the five people in the firm for four weeks--

FROM THE AUDIENCE: Not necessarily. If you have a larger contract, you can easily hire more people once you are given the opportunity to work on a large project.

GENERAL WILLIAMS: Believe me: I got both points.

[Laughter.]

GENERAL WILLIAMS: I clearly understand them, and we've got them in the big computer. We've got yours, we've got his, okay? Okay? And I'm declaring no winners.

[Laughter.]

GENERAL WILLIAMS: Okay; Suman?

FROM THE AUDIENCE: General, there is really a very good untold story about OBO, which is

its goal for how small businesses can succeed here, which is not true of all the other agencies. I think that there is a definite stepping stone process here which I think my firm is a big example of. We started out with a small 8 by 10 room with OBO, which was going to be for a generator. This was my first project with this agency.

And the message was very clear that if you perform, you get the next better job, and now, we are doing, as you know, a project for \$140 million, which is, I think, a message that not every Federal agency has, because what is set aside for small businesses in other agencies is always small. It's always the crumbs. It's never the pie.

So I think that message needs to be sent out there, and I'll be glad to help on any panel to sort of give that message out. And the GSA has actually done a great job also, where they have opened up the Design Excellence Program to emerging firms now, which I think is the message that you want to send out.

GENERAL WILLIAMS: All right; I appreciate

the comment. And you know, the whole reason for putting this question forward: we don't screen an awful lot that goes around. This came up somewhere through the comings and goings of our organization, and my reaction was let's put it out and see what's out there. We do work very hard. I think anyone knows the organization and watched it the last three or four years; there's an element of fairness in everything that we do.

And there is an honest approach about the way we go after things. So we understand all the moving parts. That's why I pointed out that we know both sides. But we also know one other thing, and do not mind admitting it: we are far from perfect. And any organization out there that proclaims that--we need to constantly keep this issue in the front of us. We need to pay a lot of attention to our industry days and the way we present things.

We have to make certain that there's absolute clarity around what we're dealing with, and we know it will always be the competing issue

that Todd and our visiting friend put on the table. But at the same time, our table should be set in such a way that anyone who wants to participate needs to know that they can come to the table and begin to engage with us and meet the whatever bars we have to deal with.

And if that works out that it's a firm that is vetted and completely qualified with five superstars, and they can deal with it across the board, then, there shouldn't be any issue about that. Our work is somewhat delicate, because it requires some other qualifications that you wouldn't normally need for anything else. But I guess what I'm looking for out of this, and you've really helped me this morning, and that is to make certain that we recognize that for a government agency that's running a program the size that we have, we have to be watchful and sensitive to this matter.

And that's what we are trying to do. And a lot of the comments this morning I think are very helpful reviewing the criteria which we'll take

another look at, and that will sort out some of these other things, looking at several of the other aspects that we looked at. But I would also invite you to living examples that Sorg Associates has experienced. They came in extremely tiny and sort of stayed with it, and I think we treated them fair, and so, they're where they are.

So what I want us to have, and I think what those who hold me accountable for the program would want it to be open. The Congress knows that we are very sensitive to this. We talk about it every time that I am before them. They know my views on it. And I tell them what I tell you. And we're working to sharpen it, make it better, and to try to give everyone an opportunity.

So I knew we would have the various comments, but I think it shows the transparency of our organization that we really want to get the different views. So have we done enough on that one? You'll hear more from us through our industry day. You'll see some things that you've suggested. We will be evaluating this. I will challenge my

friend over here that came to the table, have you applied yet to OBO for work?

FROM THE AUDIENCE: I'm sorry--

GENERAL WILLIAMS: Have you attempted to get work from OBO to date?

FROM THE AUDIENCE: Yes, and I have been successful thanks to your help and--

GENERAL WILLIAMS: Okay; so you are another example that if you work at it, you can get work. Okay; okay.

Yes, Bob?

FROM THE AUDIENCE: General, if I just may make a comment along the lines of what you said about Congressional interest in this, for the panel members who haven't met me before, I'm Bob Castro, and I'm special assistant to the director for Congressional and business affairs. Obviously, a lot of the legislation and those thresholds that are set by Congress are imagined for things that are not what we're doing. They're for domestic. And we have a unique challenge because it is overseas major capital construction.

And so, between now and industry day, one of the things maybe informally if you could give us feedback on some of the things that Todd touched on: what are the threshold issues that may make a small business make the business decision that they want to play in this field versus going for GSA or something that's a little bit more of a known commodity, and what are the opportunities either through partnering or mentorship with those who have existing contracts or relationships with us? Because that helps us also go back to Congress to discuss how we're the horse of a different color, there may be different measures or criteria or things that we need to do in order to encourage those businesses to make the decision.

So obviously, there are some business decision threshold issues that play, and I don't want to protract this conversation here, but certainly, Jane or me at lunch, or if you'd like to at this panel or afterwards, we'd like to hear a little bit more of that to flesh that out.

GENERAL WILLIAMS: Okay; that's fair

enough; okay, Bill. Thanks, Bob.

MR. EDWARDS: Just quickly, again, we're on the civilian side, and we do hotels all over the world. Usually, I open a prebid meeting by saying that before it was a Federal rule, it was the Golden Rule. So the issue here is women, minority-owned, disadvantaged businesses have a right to come in without a bait and switch issue. If we see a bait and switch, we drop the contractor. End of conversation.

So if the General wants to go out and hire, and has to hire, by the way, by right to bid certain contractors that are qualified with track record, we would never force upon them our list, because we also assume the liability within that list if deadlines aren't met, or production isn't met or something. So there's an ambiguity there. So when you're doing projects, like, we're doing 800 rooms now in Camden Yards in Baltimore; we're going to get the permit.

Well, there, it's going to be a balanced approach, because the hotel is going to be owned by

the city, as is the case in Austin, Houston, Omaha, et cetera. There is no discussion about this. It exists; it is there, and there are a lot of qualified people. We also hold every manager of every hotel in our system in his personal incentive goals for his paycheck that there will be a produced list of agencies that he uses on a perpetual basis for purchasing on a local basis or regional basis.

So it all ties together as being a way of life as opposed to being a management by exception situation.

GENERAL WILLIAMS: Excellent comment, Bill, and I appreciate that and also for Bob interjecting as well, because this is a universal topic as Bill just mentioned, and I know for the rest of you, you know this as well. And there is not a time that I am on the Hill that I don't have a discussion about this. They understand what we're doing, and so, if you could in your thought process pass any threshold type information to Bob, it would be very helpful, and we will factor that

in.

And one of the things that I think everyone knows by now is that we will address issues. We don't sweep anything away. The staff knows this, and that's one of the reasons we have this transparency, because we know that we are pretty good, but we are not a perfect organization. And so, we can learn, and we can do things better. So this will be very helpful.

Yes, Joel?

MR. ZINGESER: Just one quick thought: the word mentor came up in Bob's statement. The contractor said--I'm not familiar with what's happening on the AE side, but in the contractor world, the mentor-protege programs that exist at the Department of Defense and at the Small Business Administration are very interesting and very exciting and very worthwhile.

The general contractors require and rely on small business subcontractors to do business. Having qualified, capable subcontractors is critical to us. I'm sure in the AE world, as was

said before, whether it be specialty areas or otherwise, the notion of large firms working with small firms in a mentor-protege relationship would be positive. The needs of your organization are special in the AE world.

It may be, while it might be a challenge to create your own mentor-protege problem strictly for AEs, the notion of doing something along that lines which would tie small firms with larger firms give you some of the answers that you want might be worth looking into.

GENERAL WILLIAMS: Okay; thank you very much.

FROM THE AUDIENCE: Thank you. To expand on that, GSA and many agencies have mentor-protege programs, but it's primarily for small, disadvantaged or 8(a) firms. But there is no such program that I'm aware of that's aware of for plain small business to have a mentor-protege relationship with a large firm.

Also, General, many programs--I'm not speaking just to OBO but Governmentwide, that there

are many requirements for subcontracting to small business but not performance by small business. So in other words, a small firm can say I'll self perform everything. So therefore, you might have the most ambitious goals of subcontracting, because there's no subcontracting to be done.

Sometimes, we've run into situations where projects are overspecified in the sense of having requirements that are not germane to the project itself and its performance. And so that that overspecification in a sense puts it into a large business realm.

And then, a third thing is that in some cases, there are projects that may require two or three personnel, but the project goes to a large business, and the small business doesn't get considered.

GENERAL WILLIAMS: Thank you. Excellent points, and I have that, too, okay?

Okay; this has been very, very helpful, and I really appreciate the comments, and obviously, it is a spirited topic. That's one of

the reasons we have it here. Let me move on and touch on one, before lunch, one real estate type of issue. And I know Bill Edwards can probably help us a little bit with that.

If we look at number 10, and this may not be across the board, but those of you who are involved with office space, building utilization, sorting, et cetera, Jay, you want to expound on that number 10?

MR. HICKS: Certainly. We are always looking for increasingly faster ways to deliver facilities we need to in increasingly created way. And one area touches on real estate but also the planning area that I also have responsibilities for. There we go. My apologies--is to look for meeting surge requirements at places around the world, not by building an enormous apartment building but by using hotels around the world. It's fast, it's efficient. There are mechanisms in place to put people in there quickly, not only for residential purposes but for office purposes, if need be.

And then, a parallel innovative or creative concept, at least increasingly for us, would be not building a desk for every person who may be at post. You may find with examination of the nature of that position, they're in the field so much that you can assign three people to one desk. And that's one area that we're looking at in building in efficiencies and not overbuilding our embassies. So the genesis of the question, simply put, is what sort of creative, flexible methods have you or your clients had to use to meet residential and office requirements in a cost-effective, flexible, quick situation?

GENERAL WILLIAMS: Okay.

MR. EDWARDS: Hotelling, huh?

[Laughter.]

MR. EDWARDS: That concept is not new. If you go back to World War II in Chicago, the largest hotel in the world, it was then the Conrad Hilton, now the Chicago Hilton was Fifth Army Headquarters. So that was a hotelling example in 1942-43, I guess. It used to be the Stevens; then it became

Fifth Army; then, it became the Conrad; now, the Chicago Hilton. I know, because my home as a kid was the 17th floor of the Palmer House down the street.

We have been approached since 9/11 on multiple levels. Again, I'll put my hat on as chair of the Board of Trade here in the District of Columbia. 9/11 contingency planning, hotels to be used, you know, for security in place type issues or hospital type issues. The complexities are this in the United States. Now remember: every country is different. Remember, these hotels, Marriotts, Hiltons, Starwood, which is a REIT that owns Sheraton and Westin, all have owners. We do not own the Capital Hilton at Sixteenth and K. We own the Washington Hilton. Like I say, there is a gentleman from Kuwait who owns the one in Atlanta.

Each one is a little different. Marriott is a management corporation who franchises. My brother runs the Renaissance Tech World Marriott, which at Christmas, after a few cocktails, antitrust opportunities galore.

[Laughter.]

MR. EDWARDS: But each one is a little bit different. So when you step into hotelling domestic U.S., there are some multiple issues of ownerships. In our company, publicly traded, you have return to stockholders. Actually, there's a lot of issues there. In New York City, if you wanted to answer your questions specifically, go back to post-9/11 when the downtown or the Twin Towers' occupants moved very quickly: they met with Jonathan Tisch, who took Loews Hotels. There were some Hiltons involved. There were some Doubletrees on Times Square, some Sheratons that all became immediate office space with hot desking concept in place, where they just turned them. These were brokerage houses and everything else.

We lost a hotel, for example, in that. Our building right next to the tower, the Vista that you may know it by that name, so we had to move a lot of elements. I think there's a lot of speed bumps to doing that domestically, but right now, the hottest real estate in the United States

is selling hotels. And they're going at approximately, for, let's say, mid-scale hotels, \$200,000 to \$260,000 a key. That's an expensive price to pay.

So let's say you went--we just sold the Hilton in Alexandria on Seminary Road, the blue glass tower you may see. And think about how much an 18 by 15 space at \$200,000 and multiply that out. That return would have to go back to the owners. That return would have to go back to the stockholders, the stakeholders, to use the buzzword out of some business schools, whoever is the real ownership tenants of that.

Now, in the case of an emergency, a 9/11 level or Washington, D.C., conversion to hospital use, conversion to troop use, that's a whole different story. In your case, I don't know if it's an emergency or if you have to move a team in immediately to an area overseas, well, then, who would you call? Well, let's see: Hilton International is owned by Ladbrook Corporation in Great Britain. If you go to our company, Hilton

domestic, we own Conrads overseas. And then, you could deal with our corporation over here. It was like when I was on active duty, going out to commandeer United and American Airlines to move certain situations very quickly. You would walk into someone's office, and they would have the absolute look of fear in your face that you're taking revenue out of the skies. Well, we were, but we had a higher priority.

But it is complex. I would suggest to you to go back to 9/11; pull the history on the City of New York. Ex-Giuliani's office will have that for you. But again, that was a culture time; that was a wave of patriotism, and we're all in this together in New York type of thing, but it's not an extreme.

And then, if you like, I can get you any data you need at least domestically or even overseas as to price per key that the hotels are now selling for: General Electric, Hilton, Thayer, were selling hotels 30 or 40 at a pop right now, because the market is flattening out, and if you

all know from your days playing Monopoly, you buy the little property; you put houses on it; and then, you put a hotel on it. Now, everybody wants a hotel.

[Laughter.]

MR. EDWARDS: So we're going to give them a hotel. But even our gaming, we're the largest gaming company in the world. We own Hilton; we own Flamingo; we own Paris; we own Bally; we own Caesar's. We sold all that to Harris, okay? You can imagine the size of that bundle.

So everything is in flux today. So the hotelling and hot desks--hotelling concept is good. It works. It does have a track record. It's easy to do, but remember the revenue side and cost per key in publicly traded and private hotels. There are many, many complex joint venture issues in these buildings all over the country that are very hard to untangle to move into.

GENERAL WILLIAMS: Thank you; that's okay for you, Jay?

FROM THE AUDIENCE: Yes, very helpful.

GENERAL WILLIAMS: Okay; Gina, you want to give us some lunch instructions, and then, we will break for lunch? Might want to use the mike.

MS. PINZINO: Panel members will join Director Williams and the rest of the OBO management team upstairs. Phyllis will escort you to the executive dining room. For our OBO staff participating today, if you would kindly accompany our outside participants to the cafeteria. We will return at 1:30 p.m. for the afternoon session. Thank you.

[Whereupon, at 11:49 a.m., the meeting recessed for lunch, to reconvene at 1:30 p.m. this same day.]

A F T E R N O O N S E S S I O N

[1:26 p.m.]

MR. ZINGESER: These people are trained through years of experience and have to go back for regular training and updates for the most current issues to help them. Strictly, I know from my sense in security, that's what they have to do. I'm sure it's the same way with also the design build elements, too.

GENERAL WILLIAMS: Thank you. Excellent. That's very good. Are there other comments on number two?

Yes, Mary Ann?

MS. LEWIS: I guess this is where I put on my value engineering hat and say that, you know, we've found that applying value engineering or value management at the early stages, scoping or concept development, et cetera, is a way to identify high value benefits and to focus on them for the duration of the project. And then, the follow-on to that goes back to the project controls, and by applying appropriate project

controls for the duration, you increase the probability of a good outcome.

So those are the two things we look at as the benefits and the probabilities here.

GENERAL WILLIAMS: Yes, Todd?

MR. RITTENHOUSE: We've mentioned before about, you know, what is the benefit, what is the probability, what do you want? And you have to be, as Ida said last time, you have to make sure you're on the same page. I can think it's a great benefit. We have several people that we are doing projects with. They say oh, this will be great. They're going to love this. And it's, like, no, this is not what they want. So managing the client's expectations or understanding the client's expectations, what you think, what I think is good for your building is not what Joe thinks is good for the building; might not be what someone in Interior thinks is good for the building.

So I think you have to manage what is good and communicate that to the design team so they don't go off on, you know, some grand entranceway

when, actually, we need more space inside or something, you know, and it goes on various levels. The standard embassy design is there for a purpose: to stay within these confines. And you can dabble in these areas, but you cannot dabble in changing the footprint or the ceiling height.

Yes, it's great to have a taller ceiling. It's not in the program. So managing up and managing down the expectations will lead to greater benefit.

GENERAL WILLIAMS: This is excellent, Todd, because that's one of our challenges. Everyone knows that we have a standard embassy design, and there's a reason for it, and even my AIA friends understand clearly why we must do this. Many of them have been here for the last four years and watched this whole process and have a very clear understanding as to why we must do this.

If you're going to have a standard product, you cannot tweak it every time you get ready to roll it out. What we say is that here is the generic design that we would like to see you

site adapt, and it's enough room in the creativity of the presentation of the site and particularly as you look at landscaping to have the building present itself well.

So I think managing expectation, and I'm pleased that you mention this, has always been a problem in the Department, because our client, and I say this to them as well, so I'm just open as well, that this is not a situation where we can just tweak and change and twist whatever we've got. We've got so many conference rooms. The ambassador's suite is going to be the same size in Uzbekistan that it's going to be in Lome, West Africa. It may be configured a little different on a different wing or level or whatever, but when you come down to footprint, we're talking about the same allowable space.

To me, that's discipline, and that's standardization. And so, I do think it's a message in the expectation problem, because if we don't manage that, the probability of being successful in completing these things in a couple of years, which

we're mandated to do now, which we have chosen to accept as our process, is going to be difficult.

Are there other questions around this benefit, high probability issue?

Yes, Joel?

MR. ZINGESER: That discussion was helpful to me, because again, it helps define the question. And I think the how is the key word. And there is no question in my mind that understanding expectations in the front end is the key to getting the fulfillment of those expectations at the end. And if they're not clear, and they're not understood, and they're not explicit, then, they remained implicit, and everybody has a little different idea, and you go off, and everybody thinks you're marching to the same drum, but you may not be.

So what Todd said makes all the sense in the world. So the how part is, and we've talked about this before, but that's getting together with the key players and understanding what it is that you expect, what are the priorities? We

know--where our people sit, we know that your schedule is a top priority, not at the expense of everything else, but schedule is a driving factor because you've made a commitment to do these projects quickly.

And then, from there, there's all the rest of the pieces, that the rest of the how is to establish some protocols which we have done on, again, other high profile projects. We're working on some very high profile buildings here in Washington with high profile tenants, and they have very high profile programs. And we have executive committees on every one of those projects. They meet regularly, and they meet at the drop of a hat if there is some reason to get together to make sure that something doesn't get in the way where key expectations are at stake.

So to me, it's a process, if you'll forgive me, part of the management, to get the project to meet those expectations, benefits, and so on. So I think it's just a matter of setting it up, being clear at the outset, and constantly

reminding everybody in one way or another, because we laugh sometimes with banners that we put up at job sites. We saw, you know, at the Pentagon, that was not our particular project, but we all saw as citizens what it meant to have a clock up there and have banners and have people understand why they were doing what they were doing every day. So those things that motivate are important.

GENERAL WILLIAMS: Excellent.

MR. CHACE: And to follow on on that, it's still done in communication. If you're constantly communicating these issues and your expectations, and they're mutable, and they're changing, that keeps people on the same page. But that allows--as we talked about on question seven about having the feedback mechanism that works both ways and can operate flexibly and fluidly up the chain of command with little impediment, because the worst thing you want as a project leader is not to have your managers tell you when there is a problem or try to fix it on their own when it requires more brains than just one.

So the effective communication aspect, I think, might be common sense, but I think sometimes, it's overlooked as far as the processes in place for that communication.

GENERAL WILLIAMS: Excellent. Is there other input around this subject?

[No response.]

GENERAL WILLIAMS: Okay; thank you. We are going to move now to a planning question. I'm looking at number 12. Is there a threshold? And I guess I should ask Dave Barr or somebody from planning to speak or either Marcus to speak--oh, there's Nancy; okay, good. I will ask Nancy. Okay; Nancy, you hid behind George.

MS. WILKIE: I'm Nancy Wilkie. I'm branch chief of our noncapital planning branch. And really, questions 11, 12, and 13 are really interchangeable, and the reason I brought them up is we are trying to bring the discipline that the General has evoked on us for the capital side of our work to our smaller, noncapital projects, including physical security renovations and some of

our rehab projects.

And so, we are embarking on design build for those projects as well, and I thought you might be able to give us your experience working on smaller types of projects overseas, because they have their own challenges in themselves. When it makes sense, if there is a difference in a dollar value for doing them and also the level of information that we're doing in terms of bridging documents in the design build arena.

We are typically following the model we did in the standard embassy design, but of course, that involves a little bit more work on those projects, because they are all different projects. They are not standard. They are working on existing facilities, and whether we should be producing less and leave more to the design builders or more because it's easier to tell them our requirements, so we are just interested in getting some feedback so we can be working towards improving that program.

GENERAL WILLIAMS: Take 11, 12, or 13, and

go down any one of those lanes, but I think it all will end up at a common point.

Yes, Todd?

MR. RITTENHOUSE: I take it from the question that you're worried about going too small, is it problematic, and actually, I was thinking quite the opposite. A couple of recent examples: security upgrade in Vienna and Strasburg I thought were excellent examples of a small project with a small disadvantaged architect; it was a very great project, and it was great, because we went out there, and we could look at it, and we took all the measurements and took enough information in a very limited time and could turn it over to the contractor, who is going to do all these measurements anyway. It was very much similar to what we're doing in the EEOB, Joel and I are working together on where it's the same type of project, and it works very well on a design build.

I think it would work poorly on a bid build contract. You know, I would say there are some projects, you know, not every project deserves

to be design build. Sorry.

[Laughter.]

MR. RITTENHOUSE: But I think that the smaller ones are better suited, because you get in there. We got in there with a great designer, and the team went out there and spent a week and understood the real program and developed some concepts for it and put it out in the street, and on that very small job, just taking it to concepts was far enough.

I was intrigued by question 13, because I think on some of the projects, you want to get at least a 35 percent; the bigger the project, the further you want to develop it because there are many more unknowns. For instance, in Vienna, it was quite simple: there were some issues there that we had to deal with--I don't know if you want me to get into the issues, but there are issues. But the contractor could site-adapt that once we came up with a generic design.

When you get in something as large as the EEOB, where there's many things going on, you can't

do a simple concept and walk away, because they can't bid it properly. So the bigger the project, the more you go, you know. And I would say the 35 percent is great, and some projects, even 50 percent, if it's really complex, because you flesh out all of the real issues.

So I would say the smaller the project, or even group those together as we've done or the worldwide security upgrade program were much, much better handled as bid-build than they would have been design build.

GENERAL WILLIAMS: Okay.

MR. RITTENHOUSE: Go ahead, Craig.

GENERAL WILLIAMS: Yes.

[Laughter.]

MR. RITTENHOUSE: I had to get that in before you spoke, because I knew you were going to--

GENERAL WILLIAMS: Okay; we're going to have a lot of speakers here. Let's see: we'll go to Craig and then back to Mary Ann and then to Richard and then to George, and I think everybody

is going to talk a little bit.

[Laughter.]

MR. UNGER: Maybe I should bat cleanup.

But, you know, the last couple of years, I have been very fortunate to represent DBIA and traveled throughout the nation. I've had a chance to testify before several state legislators, and there were 159 bills proposed last year, and 40-some of them passed. In 2005, there were 147 design-build bills, legislative bills, proposed throughout the nation.

And it's intriguing to me as I travel around, I go to some states where you cannot do design build unless it's a major project over \$20 million, and there are some states where you cannot do design build unless it's less than \$10 million. I've seen states where you can only use design build if it is a simple project. I've been in states where if it's a simple project, cookie-cutter, then, don't use design build. Low bid it. I've been in states where you cannot use design build for horizontal, only vertical

buildings, and in some states, such as Ohio, the only thing you can do design build there is horizontal.

So wherever you go, there are these various reasons why we could or could not or should or should not. Now, to counter Todd--

[Laughter.]

MR. UNGER: --my personal observation is I'm about--I cannot think of a single project, personally, that would not lend itself to design build. However, I certainly have learned over the last couple of years that there are certain owners, both public and private, that aren't ready to let go of control. They're not truly best value selecting where they'll develop that trust, and in my opinion, they should not go design build.

Now, to the essence of small projects, I would think if you're going to go bridging, which is typically 35 percent or more documents, that does take a lot of time, effort. Some folks might think that would not lend itself to efficiently being procured via design build. I would counter

with will your selection process narrow the list to three to five of your top notch design builders and only go as far as concept, let them give you the solution, and you'll have a chance to talk to them prior to award.

And I think in that case, smaller projects are performed--including renovation projects. I mean, when you get into tearing down walls, and there's asbestos abatement and lead based paint, all of those uncertainties, I'll say comparing the two project delivery methods, who would you rather deal with those uncertainties? Because they're going to be there under both. Would you rather be someone you select other than low bid as a best value team, integrated project or with, again, someone who bid that on a low bid?

So I would opt for the team and think design build does lend itself to small projects.

GENERAL WILLIAMS: Okay; we got two views.

[Laughter.]

GENERAL WILLIAMS: Moving to Richard.

MR. CHACE: Well, first let me clarify,

I'm certainly not clarified to speak on design build issues, not being an architect or involved in that process. What I can maybe convolutedly bring to this in some aspect is the security planning aspect of things. I think it's a little bit different with what OBO is trying to accomplish here, because I think security is a concept that is first and foremost in a lot of the building aspects of it.

I can tell you that from the institutional angle that it is oftentimes in the past, in the recent past, as short as five years ago that security was almost an afterthought. Certainly, that was changed dramatically September 9/11. What is changing that paradigm now even more is that that security is IT-driven. It's no longer just physical on its own. It's not a standalone part of the process.

So in planning security now, you have a whole new layer of the onion which has been exposed, which is this IT infrastructure that needs to be considered when you're building. So again,

security is subjective, and the different levels you're talking about here, and for smaller projects and scope and scale, you talk to a Siemens, for instance, who might be an integrator of these systems that's coming into a project, for them to put the resources into a facility that's being designed and planned is significant, because they're looking at all aspects of that.

For a smaller project, they're going to turn on different facets of their business and their organization for that. So they need to understand, again, what the scope and scale is for you and what is true scope and scale on your level. That's very important to them, and understanding how you're going to be using that system and how it's going to be networked, how it's going to be interfaced for the people who are going to be using it, what is the purpose of the building.

So it's not exactly what you're getting to exactly here, but we're able to scale. Our systems are very scalable based upon needs and assessment, but there are a lot more considerations that have

to be taken into consideration now, particularly at the design process, even before pen goes to paper. I know that security was an afterthought for so long, and then, we worked with the Construction Specifiers Institute, and now, it's part of the master format. It's one of their own documents. Now, when an architect goes to pull that book off the shelf to specify security, there's a common language for that. That's extremely important as we begin to think about security in terms of the complete picture of the building.

GENERAL WILLIAMS: Okay; thank you.

Let me get to George and then back to Michael.

MR. PAPADOPOULOS: This is to really share my international experience on small projects overseas, and I'm speaking for the past five years, where the two projects completed, one was \$500,000; the other was \$2 million to give the size of the contracts, and right now two are in the construction phase; again, around the \$2 million project, and three are in the planning phase. The

first one is in Romania, which is basically very close to the Balkan countries. The other ones are based in Sub-Saharan Africa.

And what I have come up with as a conclusion is that first of all, you want to stay with the design development 35 percent as the minimum level of documentation that you need to have in place. And the reason I'm saying that is the latest two projects, they both were designed at the same time. They both were awarded at the same time, and they're both being constructed at the same time.

And I'll give some specifics, because that's very important. Both of them are in small kingdoms within South Africa. One is in Lesotho and the other in Swaziland. And in other words, their economies are extremely related with the rand, with South Africa. And we found out for two identical buildings with the same design build process, they have a difference of 25 percent in price, two identical issues, a very puzzling situation, and we're trying to see why this has

happened.

Well, what has happened is that Swaziland is a more politically advanced kingdom as opposed to Lesotho, which is a fairly recent democracy, about three or four years ago. And that affects the pricing practices of the local contractors. It took a little bit of soul searching to see why two identical things within the same geographic basically area with the same infrastructure basically, electricity and material availability and contractors differ so much in price.

So in looking at this and looking, because again, I'm talking with standard design. These buildings have been done for an American organization in an overseas environment, and they do have a standard design, not, of course, as sophisticated as the new embassy complexes. However, they do incorporate standard design, local materials, and local practices.

What we have found out is that there is a need to have a constant review of the value of construction, a constant review. Things can

fluctuate extremely fast. The life span of construction, design to construction, is 12 months in a \$2 million project, 12 months from the day the green light is given, finding a site, doing some geotechnical, some surveying, doing the necessary feasibility to a design development to awarding the contract to a design build contractor and to see it complete with a turn-key, 12 months for a \$2 million project.

And when they vary like this, what appears to me is there are other factors in our industry that affect the delivery of a product. We would like to think that we have full control, but our control is actually around the 90, 92 percent of the delivery of the project. And we should never forget that there are the unknown external factors that can affect either the pricing or the end product, for that matter.

So I just want to share my experiences of what has happened internationally in the smaller projects.

GENERAL WILLIAMS: Before I move to

Michael, George, you have just shared some very interesting information, and I just would like Nancy maybe or Joe or anyone maybe to speak to this, because correct me if I do not have this right: you said for a \$2 million project--

MR. PAPADOPOULOS: Correct.

GENERAL WILLIAMS: --the time on the big clock--

MR. PAPADOPOULOS: Right.

GENERAL WILLIAMS: --should be 12 months.

MR. PAPADOPOULOS: It is 12 months, yes.

GENERAL WILLIAMS: And that would be for planning, developing, design, procurement, and construction.

MR. PAPADOPOULOS: Including site definition.

GENERAL WILLIAMS: Including any site definition.

MR. PAPADOPOULOS: Yes.

GENERAL WILLIAMS: Nancy?

FROM THE AUDIENCE: Well, I can tell you we're not meeting those schedules.

[Laughter.]

FROM THE AUDIENCE: I do.

It's an interesting question, and that's in part why I asked some of the questions is because we are spending a fair amount of time putting together the definition, going out there and determining what we think the problem is and how to relate that to a design builder. And then, we have the government contracting procurement cycle that we do have to follow.

We're also finding that in some regions of the world, they may not be as familiar with the design build arena. And the example I'll give is in Laos, we're doing a project where the folks that are helping us with the acquisition of a local design builder are having trouble finding folks in that particular country. They are able to find sources regionally. And so, there are a lot of unknowns to see how that affects cost and value.

And I guess in some respects, I'm trying to learn as much as I can to see if there's things we should know up front before making specific

determinations on the best way to proceed, whether we use somebody locally, we use a cleared American, because there are lots of options open to us, but clearly, we're not on that schedule yet, General.

GENERAL WILLIAMS: No.

[Laughter.]

MR. DECHIARA: You're not alone.

GENERAL WILLIAMS: Fast, focused, flexible.

[Laughter.]

GENERAL WILLIAMS: Her boss is jumping in now. I've got a thing going, guys.

MR. TOUSSAINT: No, I'm downstream from Nancy.

[Laughter.]

MR. TOUSSAINT: I'm the execution side. Nancy is the planning side. You may want to, Nancy, just as a suggestion, you may want to get George to give you the actual specifics so you can benchmark that--

GENERAL WILLIAMS: Yes.

MR. TOUSSAINT: --and see what techniques

they may be using--

GENERAL WILLIAMS: That's right.

MR. TOUSSAINT: --that we could employ, and such things as the acquisition time, for instance, you mentioned that's the critical, that's one of our critical hurdles.

When we overcome that, we get into that loosey world of ID/IQ, you know, with one of our large contractors that we won't mention here. And so, that causes us problems in controlling the cost side of it. So this, I think, would be a very good--the challenge is here, \$2 million in 12 months, and that basically is the whole thing as I understand it.

MR. PAPADOPOULOS: That is correct, including furniture and computers.

MR. TOUSSAINT: Furniture, computers, location.

MR. PAPADOPOULOS: I'm thinking the whole thing.

GENERAL WILLIAMS: Keep talking, George. Keep talk it.

MR. PAPADOPOULOS: Location, right?

MR. DECHIARA: We've got enough to spread
around. We have--

[Laughter.]

MR. DECHIARA: Right?

GENERAL WILLIAMS: Now, Nancy, I know why
you were hiding behind--

MR. DECHIARA: We want to know more, I
think.

MR. TOUSSAINT: George, you might be voted
off the panel.

[Laughter.]

MR. DECHIARA: I think George is going to
move to the center.

GENERAL WILLIAMS: No, George and I are in
good shape. I want him sitting right here where
Michael is.

[Laughter.]

MR. DECHIARA: Let me tell you what: you
can't build a \$2 million house in Westchester
County in 12 months. Forget about procuring it,
designing it, and building it. And that's where

you have the availability of all of the materials you want, whether it's on a design build basis or on a design bid build basis. But I am glad that in certain countries, there's a 12-month, \$2 million threshold, and I'd love to be the recipient of the cost overrun and delay claims that come when you don't meet that, but so much for that.

You know, the perspective that I bring is I litigate construction cases all around the country. And they tend to be very large cases, you know, \$100 million is not unusual; \$200 million happens. And you get the \$500,000 and the \$2 million claims. But in terms of design build, just based upon the experience that my firm has had, it's not a dollar threshold issue. It's a complexity of the project issue, and if it's a unique project, to the extent that you have unique design criteria, I think that design build is less efficient, because you have to do much more design up front. To the extent that it's more consistent with the program that the General has put in place here, where you basically have a design model,

then, you know, obviously, design build is a very efficient way to go.

So I think to the extent you have a unique design, and whether it's a \$500,000 issue, you know, or it's a \$50 million, the question becomes how design intensive is it, and I think you'll find long-term that's going to be the determining factor.

GENERAL WILLIAMS: Yes, go ahead, Mary Ann.

MS. LEWIS: I called one of our clients, an owner in the UK to find out, and they've been doing design build on all of their projects since the midnineties. And so, you know, they're in a slightly different situation than most parts of the world. They have access to design build teams who know what they're doing, and I asked them how do they handle these things, because I know they do it on everything.

And so, they said that they do design build on everything from \$100,000 project up to several hundred million dollars. And the way

they've structured it, they could be very simple, small buildings, but what they'll do is they feel that the scoping element of it is very critical to this. And they will then have relationships.

They'll set up essentially task order contracts with two or three contractors. They'll have a standard form of agreement that all of these people will know what they're getting into, and they will bundle the small packages together, the small projects. They'll bundle them together, so there might be 10 projects in a package. They will offer it to the three or four prequalified contractors, and they can or may decline to submit on these.

And then, they'll select on low bid to do the work. And in many cases, on these small projects, they will have a two to three page performance specification. We want a building of such and such a size; we want an access road; we want, you know, electrical equipment, and that's it. And they said it's been very successful for them.

GENERAL WILLIAMS: Thank you. I do want to say this before we beat too hard on George because--

[Laughter.]

GENERAL WILLIAMS: --we are taking longer than I want and I think longer than any of us want, because that's one of the reasons Nancy has been promoted into this job is because we wanted to have a fresher look at how we do business, and I think that's what she's seeking here with these questions.

We are not inventing the wheel every time we do this. It's very little that we are doing we have not done before in the same region of the world. Now, circumstances are different in terms of sources, availability of this or that or, you know, that type of thing. But as far as having some new kind of design or something unfamiliar with what we're trying to do is not necessarily the case.

So we do have to find a faster, flexible, and more focused way of getting this done. And

that's what Nancy was, in fact, looking at. So we will take George's explanation for right now, and I'll just have--you know, that's a good place to start. And then, where we go from however many days we deviate from that, I said days--

[Laughter.]

MR. DECHIARA: I'm surprised it wasn't hours and minutes.

GENERAL WILLIAMS: --then, we may have something. Now, on the matter of litigation, that's something we haven't talked a lot about in our business, because what we have tried to do with our design build partners, and many are represented around the walls or whatever; they come and watch this process.

We really can't get a whole heck of a lot done in this fast-paced operation if we are going to start even thinking about those things. If, for some reason, for whatever spotty situations we have, it ends up--we have to look at something like that, it's a lot of discussion, a lot of teaming effort around that before we go to that extreme.

So I think we just want to temporarily take that off the table and talk about how we can probably get a little bit closer to reducing the amount of time it takes to do a small project, and I think something that's under \$200 million, and we are not building a palacious piece of property on the Potomac. We are just talking about building something very simple that we have done many, many times around our embassies. So I do think that it's something in what George was talking about. But having said that, are there other views about this?

Yes.

MR. PAPADOPOULOS: I need to give a small answer to Michael about litigation.

MR. DECHIARA: That was just to tell you what I do.

[Laughter.]

MR. DECHIARA: I'm not suggesting that you want to litigate anything.

[Laughter.]

MR. PAPADOPOULOS: I think over the years,

I have seen in my career that litigation has become a very, very important factor in how we do it. I came to grips with it myself a long time ago. I'm not going to design to avoid legal suits. I'm going to design the way I know best as an engineer and deliver the product to the client.

And one of the beauties in working in certain areas in the rest of the world is they are not as litigious as we are in the United States.

GENERAL WILLIAMS: Correct.

MR. PAPADOPOULOS: I think this is a breath of fresh air doing a lot of projects. And believe me: they have the same mistakes we do over here. I mean, it's not--nothing is perfect.

GENERAL WILLIAMS: Right.

MR. PAPADOPOULOS: But people are more apt to say how do we fix it as opposed to you fix it, and you fix it by giving me money. So it's a different mentality, perhaps, in a different culture that we deal with when we do international work as opposed to what it is here, and I really shudder the day that this mentality of litigation

against design builders or designers comes to some sort of a halt.

Thank you.

GENERAL WILLIAMS: Okay; all right. I'm going to get somebody else behind you. You've already said get out of the way, so we've got to--

[Laughter.]

FROM THE AUDIENCE: Well, I just have some private sector comparisons for you, Nancy. We often work on, say, interiors projects for a law firm that has to move out of its leased space into a new space within 90 days. And the way that happens is instead of waiting for 35 percent drawings, the demolition drawings are packaged first. And the owner actually--and you know this--actually hires the builder at the same time as the architect, and then, we work together, and he's giving preconstruction services for awhile. And the first package that comes out is the demolition package, and we execute that while we're still working with engineers to do.

So maybe just parsing it down into smaller

pieces like we do, you know, foundation package and those kinds of things--

GENERAL WILLIAMS: Okay; thank you.

Yes, Bill.

FROM THE AUDIENCE: I just wanted to pick up on a point that Nancy had, which was about the--if you would, the maturity of the design build in the international arena. I recently took a 12-person delegation to Seoul, Korea, because there are some large design build projects coming up there, because we found out that the Korean industry is not in tune with design build, but we want to go design build there.

And as a result of that, we took representatives from 12 U.S. companies that are now forming alliances with the Korean contractors to use both as primes and as subs, and so, my only suggestion is that some advanced research to ensure that there is an industry that is capable of doing what you want to do, and if it is not there, I also think there is an opportunity to grow that industry there.

GENERAL WILLIAMS: Excellent. And either way, we've got a path

FROM THE AUDIENCE: Yes, sir.

GENERAL WILLIAMS: Good; very well.

Yes, let me get Joel here.

MR. ZINGESER: Again, you know, one of these meetings without hearing Ida say it depends is sort of--

[Laughter.]

MR. ZINGESER: --you know, we have to hear that, so I'll say it depends. And I think that's what we're hearing. I don't think there's an obvious simple answer of a dollar size or a scope or whatever, and especially when you look at the variances working internationally from one country to another--I just heard a story even within the same region.

But I do think that again, if you look at the kinds of work that you have, and they tend to fall into certain packages of scopes, and you can get those defined in some systematic way, then, you look at the performance side. And ultimately,

that, to me, is really the key, and others have heard me say this over and over again about design build and performance based procurement.

The simple example in this country, if I've got a big warehouse, it's existing, and I want to sprinkler it, I could procure that pretty quickly with about two sentences, because the sprinkler guy is going to design build that to meet the code and the standards, and I don't really care what the pipes look like or where they go.

But if I've got a historic building and I want to sprinkler it, maybe I do care about some things, but I probably still don't care about how many sprinkler heads. I might care where they come out or what they look like, but I know it needs to meet code. And then, there may be some other things in that building about where the pipes run or where they don't. The point is that every project is going to be somewhat different. How you define your needs or your requirements is the key, and whether it's design build on a pure performance base or design build with some set of accompanying

documents will depend on the nature of that project and where.

I think that is a big variance here. But if you can start to get, you know, things that you can pull off the shelf and cobble it together, that might help you also. But again, sorry to say, but it depends.

[Laughter.]

GENERAL WILLIAMS: Yes, Mary Ann?

MS. ANDERSON: I guess a unique example also of how the process can be somewhat expedited or whatever would be what's going on with the baseball stadium downtown, in that we have even before the architect was selected, our contractors were already prequalified, and before the programming contract was out, already, we've got the design team underway and the process underway for the geotechnical investigation. And we still don't have an owner.

But concurrently, the different parts of the process are actually being procured and solicited at the same time instead of waiting for

the architect and then going out for the contractor. So some of these things can be done at the same time.

GENERAL WILLIAMS: Mary Ann, that is very good, because to some degree, that's what we're doing with the Baghdad project. We got permission from the Congress to go ahead and get ahead of the process, so that's another way to eliminate time.

Are there any other comments about all that? I see one hand on the wall over here.

FROM THE AUDIENCE: I can give you a slight variation on the design build concept. We do a lot of work for Honda, and for example, right now, we're putting a plant in Talapoosa, Georgia. From the time we were issued the contract to when that facility is going to be up and operating is 18 months for a \$50 million, 300,000 square foot facility.

The way they do it is almost a variation of the design build. They hire a CM, and then, we as the architects work with the CM and bundle packages, Mary Ann, like you were saying. First,

we get out and set the border for the building; get out the civil rough grading packages, and they're actually doing the civil work while we finish defining the building parameters; get all that nailed down and then work out.

We have 18 packages on this facility that we're working through, and it's going to be up and running in 18 months. But we use the CM almost like a design build concept, even though the construction contracts have not been issued yet. And they do all of their work that way, and all of them are extremely fast-paced projects that people can't believe we get them out in the time frames that we get them out in.

But we operate with a CM as if they are a contractor and as if it were a design build project, and we bundle the individual packages. Like I said, the average is about 18 packages to 36 packages depending on the facility size and complexity.

GENERAL WILLIAMS: Excellent; thank you.

Yes, Bill.

MR. EDWARDS: I would agree with that.

I'm not a general contractor, but we're doing 800 rooms up the road here, and the budget is not even approved. Moody's has said yes and so on, and now, we go to the City Council, because the city is going to own the building, and the building is in Camden Yards.

We have been working now a year and a half, and we have each module done. We have the guest rooms done to the square inch. We have the kitchens done to the square inch, all designed interiors, RTKL architecture, et cetera. All of this is done way upstream, and then, once we get that final vote, the next morning, the shovel and the groundbreaking is taking place, and we're moving ahead, designing, constructing, and we're giving it a two-year time to be open in '08. And we have clients who want to see it open in '08.

So I would, just as an outside type person, with all due respect, a round rock project when a litigator gets involved becomes a square rock. But that's the one thing that would put a

few speed bumps in our way. But right now, it's all rolling pretty quickly. So I would agree with the bundling concept, and I would agree with the time lines. I can't speak to foreign, because I'm not into some of these places that I don't even know where they are. So I'm not into those complexities, but I would agree 100 percent with what I've heard in your comment.

GENERAL WILLIAMS: But I think, you know, Bill, you're speaking a lot to process, and wherever you are, you must have a process. And I think the notion of thinking smartly and a little bit out of the box from the nontraditional how to get there, knowing that you have a short time frame, and it's fast track, I think all that you have said is very useful.

Bill Brown raised a very interesting point, so did Mary Ann and others on how we could probably help Nancy get there quicker. The bottom line is we want to shorten the time frame. Right now, it's taking too long to get out. And, you know, we're being critical of ourselves. Nobody is

fussing about this, but we are accountable. We want to shore it up and get it better. And we're looking for opportunities, ideas, and so on to truly fast track it.

MR. EDWARDS: Well, if you take a generic approach, let's pretend we're running the hotel company right now. Every single hotel general manager has one objective, and that is to forecast his capital expenditures, be it the Waldorf Astoria redecorating a ballroom for \$2.5 million or \$5 million or redecorating a floor of guest rooms for \$1 million in Washington, D.C. or redoing a kitchen for whatever.

And every GM, then, in one year will do all the step-up work: the planning, the researching, the costing, with our specialists that will assist him or her. But then, when the budget is approved by the Board and the owners of that hotel, we have got 12 months to get it done. It does not carry over. If you're a general manager who has a process that carries over, you won't be a general manager too long.

The one thing, the fear factor is when you get that change order number one that says, oh, we've found asbestos or something, that's always the ambiguity, and there are allotments for that.

GENERAL WILLIAMS: Yes.

MR. EDWARDS: But it is all disciplined, preplanning by a specific date for the next year's cap ex, small or large, negotiated bids, triple bids, whatever; we minimum three bids on everything, even negotiated. So it is all the preplanning here and not so much the execution here. The execution should be just short of a surprise.

GENERAL WILLIAMS: Very good. This is excellent. Terrific tips, and we will come back in a few months and tell you how we have reduced the process and the time frame.

[Laughter.]

MR. DECHIARA: If I could help Nancy out just a little bit.

GENERAL WILLIAMS: Yes.

MR. DECHIARA: I'd like to know from Bill

what is it that allows them to meet that 12-month, you know, objective? And what is it that you can tell Nancy that might allow her to shorten it? Because, you know, just, you know, listening, you set a goal. You plan really well. You have a lot of owner involvement, and people have fear of losing their jobs if they don't do it. But there has to be more in terms of the process, and maybe offline, not here, you can impart some of that, because there have to be lessons learned. You know, how do they do it, and why can't we do it?

GENERAL WILLIAMS: Well, I'll leave that up to Bill. Do you want to respond now, or you want to just talk to Nancy?

MR. EDWARDS: I'll leave that up to Nancy.

[Laughter.]

MR. EDWARDS: It goes back to your previous question of process and execution. In other words, poor prior planning, so on and so forth, you have a whole team of architect specialists, all these people who do things for a living, and they come into the building, and they

analyze, they cross-check. This is the year of planning and the process. And then, around September, you put in your budget item. You've already had your structural guy, and you've already had your asbestos person in. You have done your homework as much as possible within reason, obviously.

But from the go date, which would be probably the early release of budgets in November, you have until the end of the year, the future year, to get it done. And if there's a valid reason, a surprise asbestos abatement issue that no one knew about stuck in the rafters on a--I'm talking rehabilitation projects now, not new, because all our buildings are old, many of them are old, a lot of these old hotels like the Waldorf or Capitol Hilton from 1946.

So there will always be maybe a surprise. No one is perfect. But again, when you have to answer to owners and a board of directors and Wall Street, who expected a certain return on the product, you can't have too many oopses around the

country.

MR. UNGER: General?

GENERAL WILLIAMS: Yes.

MR. UNGER: I'd just like to share with Nancy, I know the Air Force just recently went through a streamlining initiative to accelerate the design build process with a lot of focus on that up front prior to why does it take us so long to award? What are all these little objectives we're all working on, and how much value are they adding? And they just released a document; actually, it's dated Tuesday, May 31, 2005; Gene Messick over there is the point of contact. But pretty interesting how they went and did a little value engineering process of asking every single process and approval that we go through that acquisition, and again, it was a goal.

I know that that was done in the Air Force with NAVFAC and all of DOD involved, but the Army Corps of Engineers actually looked at trying to award contracts within four months and trying to actually turn dirt within one year of

appropriation. So there's some other folks out there sharing your concerns of trying to expedite the process.

GENERAL WILLIAMS: This is very, very helpful, and are there any other discussions about this?

[No response.]

GENERAL WILLIAMS: Well, may I ask of the panel members, particularly Mary Anderson, George, Mary Ann, and Bill, to be open and available for Nancy's inquiries as she works through this over the next few months in case that she didn't capture some of your points today? And anyone else who might want to just dump something her way, please do that as well so that she can have the benefit of all of the thinking, so that she can have a run-up before she gets tasked. Thank you, Nancy. Good.

Well, it's one thing about the leadership in OBO. It's predictable. Everybody knows what the mantra is. And that's to try to do better, and I think that's what the Government wants, and any idea that we can get, it's very, very helpful. Let

me move now to--and again, this pertains to the overseas environment, because I don't think you have this in the States. But it has to do with currency fluctuation. It's number 15, and those of you who work or have worked in an overseas environment where currency is an issue, Eric, do you want to illuminate something around that?

MR. HOCHULI: Well, the basic gist is we've watched the euro go about a 20 percent up to, I think, 30 percent increase over the dollar. And my question is how do you handle it in the private sector? I can't do things; I think hedging, somebody raised. I'm not allowed to do hedging. So there are some restrictions on what I can do in the Government. But I was just wondering on the planning side, on the front end, how do you take into consideration what's the basis for the exchange rate when you factor in the cost of a project?

GENERAL WILLIAMS: If it's--go ahead.

MR. DECHIARA: I can tell you what one well-known contractor who obviously I can't name

without permission, and what they do is they lock in all of their subs as early as they can, so that they are locking in, say, the concrete and the steel and the sheet rock, which has become a huge cost, but they are locking that in even before the design is complete, and they're doing it with general parameters.

And if they overbuy a little bit, that's the price that they pay. But generally, it has worked out well for them. It's a multibillion dollar, very sophisticated contractor. I'm aware of it because I do the contracts.

GENERAL WILLIAMS: I think that's excellent, and I know our design build partners may be listening to this as well, and that's one way to get ahead of the game and deal with that particular issue.

Let me turn now to an operations and maintenance kind of an issue. It's number five. As you know, that's part of our plate as well, and it has to do with the measurement and, quite frankly, the management.

Now, let me try to tee this up a little bit for you. We have fixed a lot of things over the last four years, and as I said, we're trying to take the next few years to fine tune and do some cleanup work. And part of that is to deal with an old plaguing problem that the State Department has had for many years, and that is the existing facilities, embassies, et cetera, that will not be getting replaced by one of the new embassy compounds.

You heard me talk about 194 or so, well, we have 260 around the world, so we still have about 70-plus that are out there. And these are the major facilities in a lot of the countries that are more familiar to us. We have wrestled for years with trying to deal with the backlog of maintenance and repair, that is, all of the ankle biters that are out there that are causing problems for the user. And this particular question, at least from my perspective, is trying to give us some ideas on how to deal with that.

Now, I will ask Rich to add whatever

specifics he wants you to maybe look at to give you a little bit more focus. I know this has been on the table before, and obviously, we haven't gotten it right the way we want it, and the problem centers around a big credibility issue, because most of you know we try to operate with good credibility with our stakeholders, so if we ask for a dollar, we want to buy a dollar worth of something.

We have to know that we have a problem before we ask for the dollar, because if we don't need but 75 cents, that's all we should ask for. So backlog purity is an issue. And we want to make certain that we know what our backlog is. We don't want to represent that it's X when, in fact, it's Y. So you can see the kind of question I'm dealing with.

Rich?

MR. SMYTH: Thank you very much, General.

I'm a little gun shy, because last time we asked the question, I got a very short answer. Well, you're just not managing it very well. That

was at our peni-penultimate meeting. But let me highlight the credibility issue that the General has pointed out.

Through our maintenance engineers trying to implement a reliability-based management system, we can do a pretty good projection of what our maintenance requirements are going to be at these 12,000 different buildings that we have. When one comes in with an estimate that it's going to cost \$90 million, and we're allotted \$60 million, there is going to be obviously that delta. We can trim it as much as we can, but there is going to be a backlog.

Now, as part of our budgeting process, our maintenance people have to say what they are going to do for the year two years in the future, so they can get a very good plan, and let's say they say we've got 400 projects that are going to be implemented two years out. This backlog already exists. So consequently, you end up with emergency projects. The generator hasn't been getting the maintenance needs. The generator has to be

repaired. We may have a natural disaster which requires the replacement of a roof.

So consequently, two years down the road, the question comes asked: all right, of this list of projects that you asked for justification for, what percentage of them were completed? And we say 70 percent. They say that's terrible: 70 percent? We can't believe what you say. So, the budget ends up being cut again.

What we have been engaged on is throwing out everything that does not meet any cost-benefit test. We're throwing out everything that has not only been replaced, obviously, by a new building but things where we have new contracts signed. Obviously, we don't need those. We're getting those down to a total scrub. But one of the issues that has struck me is what are the norms for maintenance expenditures for facilities?

Now, the IFMA recommends M&R expenditures of 2 to 4 percent of the building cost. We found in the Washington area, at least one of our consultants here says this runs about 2.73 percent

of the building cost here in Washington. What's a reasonable figure that we can use to help justify our recurring maintenance budget request?

[Laughter.]

MR. EDWARDS: I'm not even the president of the company. Okay; one, the degree of maintenance of your buildings, I held accountable the person in charge of the building. Clearly, whoever has command and control of that building is accountable for its physical plant, its threat level and other features. For example, I would hold the manager of the Washington Hilton responsible for his R&M for the year. Why? Because that's what he paid to do. And if he lost a building because his boiler went, or he lost his switch gear, which did happen at the Washington Hilton in 1985, but PEPCO blew us up; we didn't blow ourselves up; the point is you have a life situation there, life safety deal.

In terms of FTEs, we use the word FTEs: how many engineers should you have or shouldn't you have? Well, at the Waldorf Astoria, you're going

to have a lot more engineers running around in a building from that era than you're going to have in the building that we just opened six months ago in Houston, Texas.

The corporate office does have a ratio of FTEs to building and age. It's a complex program. It's called the balanced scorecard, if any of you have used them in your private sector. We know approximately by a square foot basis and age of building basis how many FTEs we will need to maintain that plant and give the manager of that plant the ability to keep in command and control. We, like you, were given for the last four years until the economy came back post-9/11 a 4 percent cap on all cap ex for every building. That was a one-size fits all decision. It was not a good disclosure, but it was a decision that kept Wall Street, stockholders, and the company in a cash position that was acceptable, and we had to maintain it. So then, you prioritize: what do I need to do, and what is deferred maintenance?

Then, the manager will flag a deferred

maintenance item that if it isn't done today, okay, you're going to have a problem. And that becomes a special project above his normal R&M for the next two or three years. You use a two-year cycle; we use a five, and the R&M, we use on a one year basis.

So I don't know how to explain to you what Congress or someone wants to tell you to do for an operating budget for repairs and maintenance, but I do I know that there has to be someone accountable for the building to let you know what is an extreme or emergency condition that goes above the R&M line and brings to attention a special project notification or normal management of turning the tubes on the boiler, replacing the lithium bromide unit down in the basement, the old York if you have one, or what do we do with the boilers, or what do we do with the switch gear? We have aluminum wiring that's got to come out; we should have copper.

Those type of things would change. But--

GENERAL WILLIAMS: Bill, that's excellent.

Let me just say one thing while you're on that good thought: Congress is not dictating the how to. They are raising the kinds of questions you just spoke to, all about the management, et cetera, et cetera.

My part of the credibility piece is that I do not and will not take anything to them in the way of a request until I know absolutely sure that the problem is defined at that level, and I have a management structure in place to deal with it. So we're trying to get prepared. We've done a lot of work and to look for all of the nuggets that would help us get there. You just overarched this with the big word that we have had as a part of our method of doing business, and that's accountability.

The building has to be maintained by the user, number one. The checks have to be made and all of that, because that's what generally causes us to miss a problem. But nevertheless, we got what we got because of neglect through the years. I'm trying to get out of the hole, but as I get out

of the hole, I want to make certain that we come out with a good path forward for good, clean management.

MR. EDWARDS: Well, what we did is after that 4 percent phase, and now, the economy is back, you had deferred maintenance, and we would bundle it by priority of hotels that needed it versus those that did not. So we may take the 4 percent allocation from Houston and move it up to the Waldorf. They now have 9 percent or 10 or 12.

In other words, you move your ammo where the enemy is versus, you know, the other way. So we have now adopted that. It sounds silly; it sounds basic, but it is the only way to manage, and if you're given a budget, where you put it is up to people who are professionals to determine that.

Now, our manager, who may not have a degree in engineering, will put his projects and his R&M in line, and we have specialists in the Engineering Division who will scrub all of those operational budgets themselves and define them and justify them and agree or disagree, and if they

don't agree, they will challenge and bump it back to the manager saying this is not going to--this is not an acceptable approach to an asbestos issue or whatever it may be.

GENERAL WILLIAMS: Yes, please.

MR. CHACE: General, again, I'll relate this to how we do it with security equipment. One of the ways, too, that we encourage that people go through with analyzing and assessing on security is, number one, it has a life cycle, and we understand what that life cycle is. I'm sure you're aware of that. So we're able to plot out on a graph the anticipated time for it, so that helps you manage that right away.

Typically, then, you begin to understand, and there are databases for this, what the anticipated catastrophes are with that, what the failure rate is for certain equipment and things like that. The other way is just to regularly--and again, I'm going to sound very basic, but it helps, and when you're measuring and managing, I tend to blur those sometimes, because I think they are hand

in hand. And measuring, too, is you'll be able to gather data on a much more frequent basis by scheduling even just quarterly or biannual systems checks and just making sure, even the system, just look at, and you can tell it's about to crack, or it's not about to crack. You're shaking your head, because this is all common knowledge to you, but it's those basic simple steps that ultimately lead up to averting catastrophe.

And when those basic little simple steps aren't taking place, because people don't take them seriously, they don't think they're necessary to do, because it's the first thing to go, that's when you start making the problem even larger. So I just always go back to, you know, crawl, walk and run. It's easier to crawl, and you don't want to be sprinting if you don't have to.

GENERAL WILLIAMS: Excellent.

Okay, yes, Michael?

MR. DECHIARA: I mean, it sounds like, you know, that you have to look at historical data, and I assume that you have whatever number you have

based on that. But the historical has got to be broken into two components: what you would expect for M&R, and then, historically, what's been the unusual M&R. And then, what makes it more complicated for you guys is I guess by building type, because I guess, you know, if it's in Germany or something, and the building has been there for, I don't know, 50 years, that's a different issue than if you're building something new to the new specs, you know, and what you would expect there.

But again, I hate to throw this back to Bill, but if there is something in their program, things that you're looking at that you may have missed, because they have a lot of, you know, hotels; they've been doing it forever, it might be useful if they could share some of that with you just to make sure that, you know, maybe you can refine. If you're at 4.8, and they're at four point whatever, maybe you can figure out a way to make that sharper.

MR. SMYTH: We're at about 0.7.

MR. DECHIARA: You guys are doing a

fabulous job, 0.7. That's crazy. So that doesn't reflect reality? Is that your historical average?

MR. SMYTH: Actually, we're doing a little better than we were before. We have been doing better than we were before.

MR. DECHIARA: Now, just as a taxpayer now as opposed to a panel member, is that because of the new building type and the standardization? Because if, you know, members were hearing 4 percent, 4.7, whatever it is, 0.9 or 0.7 is fantastic.

MR. SMYTH: Well, I think it's a false economy, because by the 0.7, it's the routine maintenance items, these regular checks, these regular replacements, the scheduled replacements that lend to the emergencies which then have this positive feedback system where, you know, you get more frequent emergencies because you're not doing the regular one. But the critical thing, as General Williams has pointed out, is establishing the credibility on this particular issue.

GENERAL WILLIAMS: It's a little worry box

for me, because we want to make certain that when we do come out of the chute that we are in the best position that we can, and that's the reason why we are noodling with it. The staff has been wrestling with this for the last six months.

We have intensified it greatly and made it one of the things we are going to fix before the summer. In fact, Rich and his people will be talking to me next week about this. And I guess what we are really focusing in on is to make certain that, first of all, we know what the true backlog is, and it's not spongy, and because, you see, I have this theory, and I think Congress has the same theory, and that is I have 54 new facilities ongoing, and we have to do what Bill just said.

We have to put the dollars for M&R where they will make the biggest bang. It is, in fact, an investment. And clearly, the 54 that you witness on the board here, they should be fine in terms of any backlog when they are delivered. All we have to do is maintain them. So I see a

corresponding reduction in the existing backlog as we bring more of these on board.

So you can see kind of what I'm wrestling with. So we want to make certain that when we do go forward that we have a very true representation of what the real issue is about, and there's not something there that should not be there. And then, a process going forward where we can keep this under control. And unlike a lot of the things that have been said here, it really is a management matter on how you tee it up and how you watch things.

We are putting a very sophisticated system on these, a building automated system. I spoke about sensors and nodes and all of that where we can detect if something is going wrong, right, whatever, in any one of our systems. But we employ a smart person who knows how to interpret all of that. And then, that person has to go and find someone who knows how to fix that. So it requires us to have an electrical engineer on site at this location who can go deal with this complicated

system, a mechanical engineer, et cetera, et cetera.

So it's changing the whole way we will do business. The skill sets that have normally been associated with our embassies for years and years will not make it under this new concept. So we are dealing with Dr. Rice's transformational issue, where we are going from one state to the next. So we have got a lot of things going on here.

MR. EDWARDS: Just to add on real quick to Rich here and to you, General, is that all of what I just said is premised that the plant has its water treatment in place, that it has its electrical monitoring in place, it has all of its SOPs operating and reviewed by outside sources on an annualized basis, so the basic systems are up and running and acceptable. If your water standards are not there, you're going to lose your cooling towers; you're going to lose everything.

So we don't want to create maintenance, okay? So I agree with Rich: if I had a number of point-O-something, well, everybody would be in

shelter halves for the rest of their lives out there. So the premise is that your basic systems are managed appropriately on an annualized basis. If that is in violation, you've got, as Rich agreed with me, you've got a whole different ballgame here. So the R&M side is above that.

GENERAL WILLIAMS: Excellent. You've been very helpful.

Yes, Mary Anderson?

MS. ANDERSON: Well, once again, this gave me the opportunity to reach out to associates in the SCME community and to our clients, and the feedback that I got from NAVFAC, I'll just go ahead and quote to you just for your information and as a resource for comparative purposes, and his response was that their basic standards of conditions should be specific and tied to budget constraints. Acceptable backlogs are defined by budget and recapitalization standard. The Navy has adopted a 67-year recapitalization cycle, and our maintenance and construction program is geared to current, centrally managed management standards and

facilities budgets.

If you check the NAVFAC Website for more information on facility support, contracting guidance, their facilities condition assessment program, M&R backlog management, and the sustainment restoration of modernization policies. So that's all on their Website at navfac.navy.mil.

GENERAL WILLIAMS: Okay; yes.

Thank you. Joel.

MR. ZINGESER: Just a quick question: how much of the problem is scorekeeping versus the realities of the work itself? And by that, I'm talking about the age old color of money issue, and Rich, you mentioned, you know, you get a certain amount of money; you've got a backlog; and then, what Bill has called special projects come up. Are you able to keep score of those separately so that from OMB's point of view as well as the Hill's point of view, they see, you know, the extraordinary versus the ordinary?

MR. SMYTH: It's not as clear a dividing line as I would like to see, sir. What goes

forward to the Hill and to OMB is a maintenance and repair line item. It is not broken out into extraordinary emergencies or the routine PM.

GENERAL WILLIAMS: That may be one of the issues is in the presentation.

MR. ZINGESER: Well, you know, M&R historically is always an issue. I mean, the biggest problem in Government from time to time is M&R money doesn't get spent on M&R. It gets spent on other things.

GENERAL WILLIAMS: That's right.

MR. ZINGESER: It sounds like you're not doing that. That's good.

GENERAL WILLIAMS: But it's in part of the lexicon.

MR. ZINGESER: Yes, so there's always that suspect. And I guess that's the only hint I can come up with is keep score and try and flesh it up and make sure they understand what a good job you really are doing with the resources you have and so you don't get slapped in the wrist and cut when other things happen.

The other part is, of course, putting in the program early, the fact that all these new facilities will require maintenance. It may not be as much, but it's going to be there. And make sure that that's clearly understood as you move down the road. Otherwise, you're just setting a trap for yourself. It's like if I don't clean my filter, my wife gets mad.

[Laughter.]

GENERAL WILLIAMS: Right.

Okay; this is--Rich, you okay? You got enough?

MR. SMYTH: Thank you very much, General.

GENERAL WILLIAMS: Okay; and I know you don't mind if Rich reaches out as he continues to wrestle with this. It's been very helpful.

I think what I'm going to do at this moment, because I do want to terminate the meeting at 3:00 p.m. to give everybody an opportunity to get back to your places. I want to go around the outer wall and give those visitors an opportunity to introduce themselves. I've heard your speeches,

but just tell me who you are, and we are delighted to have you here and witness this process.

So I will start in the corner, our spokesman who has already spoken with us. You can let us know again.

MS. ANATHAR: Nuray Anathar with NOA Planning Interiors.

GENERAL WILLIAMS: The voice you hear up is the reporter. We want to make sure that everyone knows you were here.

MS. ANATHAR: Nuray Anathar with NOA Architects and Planners.

GENERAL WILLIAMS: Thank you. Delighted to have you here.

MR. ROSE: I guess I should come up here. I'm Tim Rose with Nova International here in Washington, D.C. We do furniture and modular buildings.

GENERAL WILLIAMS: Thank you.

And next?

MR. COSMOS: I'm Mike Cosmos with Weston Solutions, and we're based in Westchester,

Pennsylvania. We do engineering and construction. And I've talked to Nancy a little bit about how we've helped the Air Force do very rapid design build kind of projects offshore.

GENERAL WILLIAMS: Thank you for coming.

Yes, sir.

MR. SHOBE: I'm Barry Shobe, Shobe Engineering Corporation. I'm local to the Annapolis area. We do electrical power and control and instrumentation type work.

GENERAL WILLIAMS: Thank you.

Yes, sir.

MR. KRETCHMER: I'm Tom Kretchmer with Enclos Corp. We design and manufacture exterior windows, curtain, wall, new participant in your program.

GENERAL WILLIAMS: Good.

MR. KRETCHMER: I want to compliment you on your format.

GENERAL WILLIAMS: Thank you.

MR. KRETCHMER: It's very interesting, very informative.

GENERAL WILLIAMS: Thank you.

Yes.

MS. SORG: Suman Sorg with Sorg and Associates, Architects.

GENERAL WILLIAMS: Thank you.

Yes, sir.

MR. WHITE: General, thank you for having me here today. Ken White with Ameristar Defense Products. We manufacture perimeter security systems, and then, we have physical security professionals on our staff, DOS certified.

GENERAL WILLIAMS: Thank you.

Yes, sir.

MR. RUAN: Ed Ruan with J.A. Jones, International. We're very pleased to have been a contractor for OBO and its predecessor organization for many years, and I think this kind of feedback from the industry is great for both the OBO and the contractor community.

GENERAL WILLIAMS: Thank you for being here.

Yes.

MR. SHIRVINSKY: Adam Shirvinsky with
EMSI. Good to see everyone again, and I'll see you
again next quarter. Again, great exchange and had
some real good nuggets. I look forward to
following up on some of them.

GENERAL WILLIAMS: Thank you. I don't
think this gentleman has missed a meeting.
Delighted to see you.

Yes, ma'am.

MS. LEBRON: Good afternoon. I'm Jeanne
LeBron with Leo A. Daly Architects, Engineers, and
Interiors.

GENERAL WILLIAMS: Thank you.

MR. NA: I am Sang Na with the Oracle
Corporation. Glad to be here.

GENERAL WILLIAMS: Thank you.

MR. VISHNA: Mike Vishna with Wald
Structural Products. Our interest is in retrofits.

GENERAL WILLIAMS: Delighted to have you.

MR. LIVINGSTON: My name is Greg
Livingston. I'm with Structural Polymer Solutions,
and we make Kevlar composites for retrofits and

blast mitigation.

GENERAL WILLIAMS: Thank you for being here.

MR. KATSIOS: Nick Katsios, Gilford Corporation.

GENERAL WILLIAMS: Thank you.

MR. LEE: Mr. Lee, PAE. We do O&M, and as a State Department official said, we do good things in bad places.

[Laughter.]

GENERAL WILLIAMS: Thank you; okay.

MR. O'KEEFE: Sir, my name is Kevin O'Keefe. I'm with Battelle Memorial Institute, a nonprofit. We principally do research and development for the U.S. Government, and one of the things we're working on for another agency is integrating into the design of buildings and biodefense. So I thought there may be some application here.

GENERAL WILLIAMS: Okay; good. Thanks for being here.

MR. BROWN: Sir, I'm Bruce Brown with SSI

Services. We do O&M and provide services to the intelligence community.

GENERAL WILLIAMS: Thank you.

Yes.

MR. NEWELL: Everett Newell.

GENERAL WILLIAMS: Thank you.

MR. BROWN: Gil Brown with Page, Southerland and Page, Architects and Engineers.

GENERAL WILLIAMS: Delighted to have you.

MR. CARBONE: Rich Carbone, Peace Corps, representing Capital Assets.

GENERAL WILLIAMS: Good. Always delighted to see you.

Yes.

MR. ARMES: Good afternoon. My name is Mike Armes for the GAO. As the General mentioned, we do oversight.

GENERAL WILLIAMS: Thank you; and our partner.

MR. GARNIER: My name is John Garnier. I'm from Dynamic Defense Systems. We're involved in portable walls and armor sheltering systems.

GENERAL WILLIAMS: Thank you.

MR. GOLDBERG: Andrew Goldberg with the
American Institute of Architects.

GENERAL WILLIAMS: Thank you.

MR. CALLAWAY: Tom Callaway with Surge
Suppression, Incorporated, and we provide
protection for electrical--

GENERAL WILLIAMS: Thank you.

MR. MADDEN: Ed Madden, Gale Associates,
consulting engineers.

GENERAL WILLIAMS: Thank you.

MS. HUTCHINS: Nancy Lee Hutchins, General
Dynamics Network Systems.

GENERAL WILLIAMS: Thank you.

MR. OKA: Noato Oka. I'm with the World
Bank. We don't produce anything.

[Laughter and applause.]

GENERAL WILLIAMS: They just have money.

[Laughter.]

GENERAL WILLIAMS: He always comes to--

MR. OKA: We produce everything.

[Laughter.]

MR. HATTIS: I'm David Hattis with Building Technology Incorporated in Silver Spring, Maryland. We work in the area of building codes and standards both in this country and internationally, and more recently, disaster mitigation, both man-made disasters and natural disasters and how to introduce mitigation concepts into existing buildings. Thank you.

GENERAL WILLIAMS: Wonderful.

MR. CONOVER: I'm Dave Conover. I'm with the International Code Council headquarters in Falls Church, Virginia. OBO has adopted our codes as a basis for your building construction regulations, and we're here to support what you're doing and help out.

GENERAL WILLIAMS: Thank you.

MR. CULLEN: I'm Ray Cullen with Hansel Phelps Construction Company, general contractor and design builder

GENERAL WILLIAMS: Thank you.

MS. DEL PILAR: I'm Jessica del Pilar with Fentress Bradburn Architects. We're an

architecture firm based here and in Denver.

GENERAL WILLIAMS: Thank you.

MR. SINNOT: Jim Sinnot with DHL.

GENERAL WILLIAMS: Thank you.

MR. YOUNGBLUT: I'm Michael Youngblut with Hess, Egan Surety and Insurance.

MR. CHANDLER: I'm Charles Chandler, small business with Brightwood Properties here in Arlington. We specialize in Federal facilities transaction and asset management.

GENERAL WILLIAMS: Okay; thank you all for being in attendance. We try at each one of these to recognize any of our visitors. It's not something that we have to, but it's like the golden rule that Bill talked about earlier. It's an open forum, and it's only a matter of courtesy that we give you an opportunity to let us know who you are, and we want you to know that you are welcome to attend and watch this process.

There's nothing that this organization is doing that we do not feel appropriate to share. As I said, our overwatch agencies are very much aware

of that, and so is our panel.

At this point, I would like to see if our panel members--go across and see if they need to have a closing comment as well. Then, Gina has some final comments, and it should be close to 3:00.

Todd?

MR. RITTENHOUSE: Thank you very much, General. I've been here since the initial meeting, and it's been a real pleasure, and I congratulate you on the article in E&R, because that was a great article, and it really speaks to what we have been doing, and it's funny: Joe said some people didn't realize how big of a process and project that whole thing is, and it's great. I'm very pleased to be part of that and of this.

GENERAL WILLIAMS: Thank you for your contribution through these years, Todd.

Mary Ann.

MS. LEWIS: Thank you, General. I certainly enjoy coming to these meetings, and I sound like a broken record, I'm sure, but I learn

so much more from these meetings than I give, I'm sure. And I think it's just a wonderful opportunity for all of these professional societies and owners to share information, too. This is a wonderful forum for it.

GENERAL WILLIAMS: Thank you for your contribution.

Bill?

MR. EDWARDS: I came here to listen and take notes for the president of my company.

[Laughter.]

MR. EDWARDS: Mary Ann warned me.

It was a pleasure being here. It was very interesting. And you have a significant challenge. You have a very significant challenge with ceilings that seem to be getting lower to operate within. But this was interesting; it's very educational, and I, of course, will explain to the president of the company when he gets back from overseas what takes place here, but it was very enjoyable and very interesting people.

GENERAL WILLIAMS: Thank you. Delighted

to have you.

Craig?

MR. UNGER: I enjoyed very much the new panel members' fresh perspective, and I, too, took about six pages of notes to take back with me. It has been a real, I think, informative session; appreciate it, and as usual, it's a joy not to have a cell phone for six hours.

[Laughter.]

GENERAL WILLIAMS: That's good government.

[Laughter.]

MR. CHACE: I'm so used to my hip buzzing that I'm not used to it.

Well, General, I wanted to thank you, too. This has been an amazing opportunity, and I appreciate the baptism by fire here today. I certainly want to make sure that I'm able to contribute in a meaningful way and hope to continue to do so as long as it's at your pleasure to do so, and I'm happy to meet my new colleagues here and hopefully I can contribute to them in any way they need to help. Thank you very much.

GENERAL WILLIAMS: Thank you.

Michael.

MR. DECHIARA: It's a little bit different perspective sitting inside the circle than outside the circle.

[Laughter.]

GENERAL WILLIAMS: I know that.

MR. DECHIARA: But I would like to thank you for the opportunity. This is a wonderful forum, and I promise I'll read the E&R article--

[Laughter.]

MR. DECHIARA: --before we meet again.

Thank you very much.

GENERAL WILLIAMS: Thank you, Michael.

Joel?

MR. ZINGESER: Again, as always, and as others have said, it's obviously a learning experience to sit here and listen not only from the panel but from what others have to contribute. It's a great pleasure to do so. It is an honor to be a part of this panel. I'm looking forward to continuing to hear some more about some of the

things you're doing as you go forward in this process of developing more discipline and drilling down and all of that.

I think the program has been a huge success. I'm absolutely as an American citizen thrilled that you're seeing it through and that your staff is here to support you and that the program will go on. To make the changes that you've made in the first four years is unprecedented, but to not see it through would have been a tragedy. So thank you for staying; thank you for doing what you're doing.

GENERAL WILLIAMS: Thank you.

Mary Anderson.

MS. ANDERSON: Yes, and again, thank you very much for the opportunity to be here. It's been a great experience, a learning experience for me to research and hopefully contribute to the questions posed by the panel and by you, and I echo the sentiments of all of those who have spoken before me, and also, next meeting or as we continue along, I'd like to further introduce some of the

benefits of and opportunities with the Society of American Military Engineers. There's a number of programs and ways in terms of employee retainage and a number of the issues that you've asked about that I think being involved in will benefit you, and I'd like to be able to present that.

GENERAL WILLIAMS: Thank you.

George.

MR. PAPADOPOULOS: It's always very difficult being the last one.

[Laughter.]

MR. PAPADOPOULOS: You have stolen the show. But again, thank you very much for having me on the panel, General. I've learned more than I have contributed, and it really is very worthwhile, because the projects that I'm involved with with overseas are pediatric clinics for HIV-infected children. It is a very worthwhile effort, and they need all the help they can get. It's not the same massive effort of the new embassy compounds and does not have any higher mission, but it does have the mission of providing a platform for the doctors

and nurses to minister to all of these countries that are savaged by AIDS and HIV.

So it's a tremendous benefit that I receive in listening to the various experiences and ideas, and again, I thank you and congratulations on your excellent coverage in the E&R. What a wonderful piece.

GENERAL WILLIAMS: Thank you very much.

Thank you, panel.

Now, to my staff, Pat, anything to add here?

MR. MCNAMARA: Nothing, sir.

GENERAL WILLIAMS: We'll save Gina until last.

Suzanne?

MS. CONRAD: No, sir. Good meeting.

GENERAL WILLIAMS: Thank you.

Joe.

MR. TOUSSAINT: I've got to add something.

[Laughter.]

MR. TOUSSAINT: No, once again, this has been wonderful, and I'll echo the comment of the

new views that have been brought in here I think are a stimulant to this, and it's very good. Todd's comment to me was what somebody said about having read the E&R article, and to see, I just assumed everybody knew the size of our program and the importance and so forth, but they didn't. And so, that in and of itself and the General's representation of it, I think we're at a pivotal point now, and I put this out as something that together, we're going to make real strides and in getting even further improvements in our program.

So thanks once again.

GENERAL WILLIAMS: Rich?

MR. SMYTH: I'm not going to be as eloquent as Joe, but thank you very, very much. I've gotten a lot out of this, and I very much appreciate your contributions to OBO.

Thank you.

GENERAL WILLIAMS: Well, let me say in concluding I appreciate the support and the comments of everyone that's been involved today. I do want to say that we are taking away several

things. We will be looking at our evaluation process and looking at it both ways. We will think more about continuously planning as it relates to project execution.

We will think about managing expectations. We know this will, could get one in trouble. We will attempt to do a more focused job with clarity around industry outreach, particularly as it relates to the low end of the spectrum of our industries. We will look and examine to see if there's not a better way, a more crisp and a more precise way to examine our O&M presentation for our budgets.

Then, of course, we will be very sensitive to the fact that you, too, agree with our approach on accountability and discipline, and we will get on a glide path of being fast, focused, and flexible. And even I learn a thing or two as we--

[Laughter.]

GENERAL WILLIAMS: --move down the way. And I will always try to crawl before I walk or run.

So it says to the new members that you do bring a piece to the table, and we will look forward to a great interaction. This is a lot of fun. This is a part that I enjoy most, to see government working the way I think it should work, and that is transparent. We all pay taxes, and it's not about Williams. It's about the U.S. Government that's in a little bit of a trick around the world now with a lot of things, and our embassy program is so critical to being able to launch this diplomatic platform from which our government can do its work. And coming to work in the morning, this is what gives me the charge, because if we can make a difference in that delicate world, then, it has been worth the ride.

Be safe. We will see you next time.

[Applause.]

MS. PINZINO: Everyone, if I could just right before you leave--

GENERAL WILLIAMS: Oh, just one minute. Just one minute.

MS. PINZINO: One second.

GENERAL WILLIAMS: Please, please, please,
please, please, please, nobody move. Nobody move.

MS. PINZINO: Nobody move.

[Laughter.]

GENERAL WILLIAMS: Okay.

I erred. I said the last person who would
speak would be Gina. And I didn't do that. So I
owe her an apology, but I'm going to allow her to
do it now. This lady works very, very hard on
this. She puts this together together with
Phyllis, and it's not easy pulling all this
together. I want to thank our security team that
is sort of behind the scenes and helped you get
through this maze we have here. I want to thank
our court reporter behind me for recording and the
rest of the management support staff that's up with
him.

And now, Gina, you get the last word.

MS. PINZINO: Thank you, sir.

GENERAL WILLIAMS: Thank you.

MS. PINZINO: I just wanted to point
everybody to this. The back page of your booklet

is--save the day--industry day, November 2.

Information can be obtained on the Website at the bottom of the page so you can register.

Last but not least, I'd like to also invite you to join us again for our next Industry Advisory Panel meeting, which will take place on September 22. We will be in the Loy Henderson room, which is the mini-UN room here at the State Department for that meeting. And actually, no, this is the last thing: please return your badges upon exiting to our security staff, and please exit the same way that you entered this morning.

So thank you, everyone, panel members and everyone for your patience and for your contribution.

[Whereupon, at 3:01 p.m., the meeting concluded.]